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Selling Through *the* Travel Trade

A Handbook for Tourism Suppliers

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Ontario Tourism Marketing Partnership

Selling Through the Travel Trade

A Handbook for Tourism Suppliers

Prepared by

the Tourism Company

September 2001

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Selling Through the Travel Trade
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Selling Through the Travel Trade

A Handbook for Tourism Suppliers

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For additional copies...

Call your closest Ministry of Tourism, Culture and Recreation Field Staff to receive additional copies of this Handbook, or contact: Kendra Adema at 705 755-2609 or kendra.adema@omt.gov.on.ca. A complete list of Field Staff are listed in the Appendix and is also available at www.tourism.gov.on.ca and www.mndm.gov.on.ca

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Section One

Introduction

1 Introduction

"Selling Through the Travel Trade" has been developed over a six month period and provides resource for the tourism suppliers of Ontario. This Handbook builds on the information contained in the Packaging Manual published by OTMP in early 2000.

The need and content for this Handbook was identified in a number of ways:

- input gathered at five pilot Packaging workshops that were held in early 2000 in which over 130 Ontario tourism suppliers participated;
- information gathered by Ministry of Tourism, Culture and Recreation Field staff through a survey conducted in June, 2000 with 15 tourism suppliers;
- direction-setting workshops with a variety of tourism suppliers; and
- two trade pilot workshops held in early 2001.

Ministry of Tourism, Culture, and Recreation Field staff, OTMP Product and Market Committee members and staff also recognize and support the need for material of this nature.

Who is this Handbook for?

This Handbook has been designed for Ontario tourism suppliers with all levels of experience with travel trade. For the supplier who is considering *'should I work with travel trade?'*, checklists and a realistic look at selling through Travel Trade are presented, along with basic terminology and approaches. Some may decide that travel trade is not for them or that there is work to be done before approaching trade for a particular market. For the supplier who has some experience with travel trade, but who needs *'more'* -- tips and techniques are presented for consideration.

How to use this Handbook

This Handbook provides an *introduction* on how to sell Ontario tourism experiences through the travel trade. A practical and hands-on approach is used throughout the manual, with checklists provided and charts that provide a quick reference and summary. Work through this knowledge at your own pace. Ask other tourism operators who are working with travel trade about their experiences. Work with partners to see if travel trade is for you. Selling through travel trade requires long-term commitment and investment of your time to be successful. This manual will help you get started. Remember that there is no one "right" approach, rather general guidelines that direct your efforts.

Some Destination Marketing Organizations (DMOs) and regional tourism associations also have information, seminars and material on selling through the travel trade that will be of interest to you. This Handbook has been developed to complement those other efforts. Many DMOs provide up-to-date and more detailed profiles of local/regional travel trade partners in hard copy and in electronic format and provide on-going contacts and leads. You are encouraged to contact your DMO to determine what support they can give you in selling through the travel trade. Field staff from the Ministry of Tourism, Culture and Recreation or Ministry of Northern Development and Mines are also good sources of support (see Appendix B for contact information).

Some Common Terms

An extensive **Glossary of Terms** used by travel trade and **Travel Trade Contacts** are included in the Appendix. Some terms that are used frequently throughout the Handbook are presented below for your easy reference.

Defining Travellers

For the purposes of this Handbook, three main types of travellers are commonly discussed:

- **Group Travel:** typically a group of between 20 and 45 travellers, travelling by motorcoach for a significant portion of the trip; accompanied by a tour guide; on an itemized itinerary.
- **Fully Independent Traveller or FIT**: Individual travellers who are independent, not part of a group and with no set daily itinerary. FIT has evolved from '*foreign* independent travel' and means the same thing – non-group travel. Some of the industry now refer to FIT as "flexible individual travel".
- **Group Independent Traveller or Group IT**: small, customized groups of less than 15, who may or may not be together for the entire trip.

All of these travellers can be reached through trade distribution channels.

Suppliers: individual tourism operations such as accommodation providers, restaurants, museums, transportation companies etc.

Product: includes experiences/packages such as a guided canoe trip, learning tours, as well as built product such as attractions and art galleries.

Origin market: is where the traveller is from. For example Japan or the United Kingdom, versus "in" market.

The contents of this Handbook are outlined below.

	Section and Title		***Content***
1	***Introduction***	➨	Introduces the approach and content of the Handbook.
2	***Your Guide to Travel Trade***	➨	Presents definitions and brief explanations of the major components of travel trade.
3	***Is Travel Trade for you?***	➨	Provides a series of checklists and considerations to assist you in determining if there is a role for Travel Trade in your business.
4	***Focus on Origin Markets***	➨	Provides an introduction to the role of travel trade in major markets for Ontario -- domestic, U.S., U.K. Germany, France, Japan.
5	***The Technical Side of Trade***	➨	Provides you with practical information on pricing, yield management, blocking and trade shows to ensure that you understand what trade partners need to complete their work on your behalf.
6	***Strategies and More***	➨	Provides you with a range of strategies to build your relationships with Travel Trade.
	Appendices	➨	A: Glossary B: Ministry of Tourism Field Staff and OTMP Trade Staff C: Members of the Ontario Receptive Alliance

Section Two

Your Guide to the Travel Trade

2

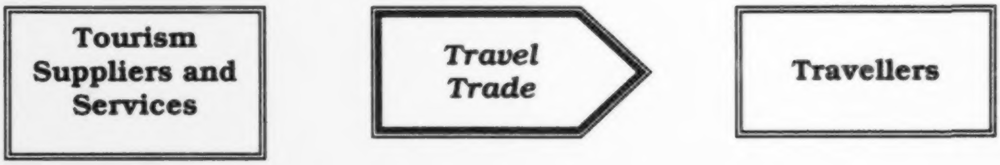
Your Guide to the Travel Trade

2.1 Defining Travel Trade

Travel Trade means many things to many people in the tourism industry. A simple definition is:

> *"people and companies that resell travel product to the visitor that they have bought and/or reserved from other parties".*

Travel trade is the *distribution network* for travel, as illustrated below and is similar to distribution networks for other industries and services.



Travel trade is often thought about for the group market only, but in fact travel trade is also used extensively for small group and individual travel.

The terms describing Travel Trade in this Handbook and throughout the industry are often interchanged and used in a variety of ways. There are often exceptions to general definitions, which further confuse things. Typical definitions and examples of various trade partners that you may be familiar with are presented in the following pages to provide you with a foundation to build from.

> ***A word of advice...***
>
> *"....know the unique needs of a travel operator and be flexible to meet those needs if you want the business! Whether you are booking F.I.T. or group travel you must have a program, price list and supply channel that will fit into the travel operator s program. There are many different operators that sell in many different ways and packages it s not a cookie cutter relationship!*
>
> Yakov Stevens
> CANAM Tours

An Overview of Travel Trade

Travel Trade	*What they do*	*For the typical small to medium Ontario tourism supplier*
Wholesaler **Such as**: *JTB or Nippon Express (Japan); Thomas Cook Holidays (UK); World of Vacations; Sunquest; DMC Transat; Signature Vacations*	✔ Do not sell directly to public - buys the product then resells to a tour operator or direct to travel agents, who then sell directly to the consumer.	✔ Relationship is indirect through inbound operators. Therefore little or no contact with front-line tourism suppliers. ✔ Keep wholesalers informed with an approach that is customized to their needs and your relationship to them.
Inbound North American Receptive Operator Commonly referred to as 'receptives' **Such as**: *Jonview, SNV International and Canadian Tours International*	✔ Broker of tour services/packages. ✔ Sells a range of North American packages, itineraries, products in origin market (Japan, U.S., Germany) to tour operators who sell in those markets. ✔ Based in international gateways. ✔ Product is listed with prices and terms in a 'tariff', produced annually. ✔ Attends 'trade-to-trade' shows in-market – Japan, Germany, UK etc. ✔ Has a wide range of product to represent. ✔ Range in size and areas of specialty/expertise.	✔ Relationship may be direct to the Inbound Receptive or indirect, through local receptive operators, who then sell to Inbound Receptives. ✔ Keep inbound NA receptives informed with an approach that is customized to their needs and your relationship to them.

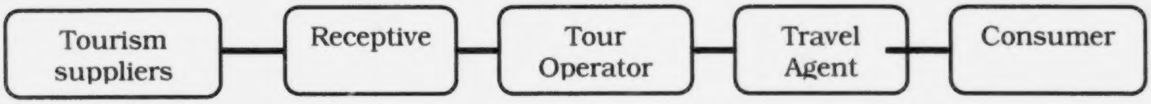
NOTE: A more complete list of travel trade partners working with OTMP, including contact information, can be found in the current "Ontario Travel Trade Manual". Call 1-800-Ontario to request your copy.

Travel Trade	*What they do*	*For the typical small to medium Ontario tourism supplier*
Local Receptive Operator **Such as**: *Boots Adventure Tours, Lake Superior Visits, CANTOURS, Great Adventure Tours, Niagara Falls Tours, Canadian Discoveries*	✔ The "tour operator's tour operator" who is the area's *"expert"*. ✔ Many have a strong relationship with local/regional DMOs. ✔ Sells (and may produce/operate) a range of packages, itineraries, and products to inbound North America receptive operators. ✔ Based 'in-market' where product is – Ontario or region. ✔ May specialize in type of experience offered (urban tours, nature experience, culture and heritage). ✔ Attends 'trade-to-trade' shows. ✔ Build relationships with individual local tourism suppliers. ✔ Typically interested in developing year round business.	✔ Beneficial to build a strong relationship with local receptives who sell your type of experience – they are established experts in your area and are interested in year round business, as they are committed to the location, not just the product. ✔ Keep receptives informed - invite to site regularly; send one copy of updated brochure/information and current programming. ✔ Seek opportunities to get involved with FAMS and other efforts of DMOs which link local receptives to area suppliers.

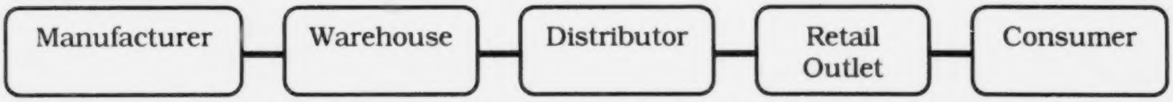
Travel Trade	*What they do*	*For the typical small to medium Ontario tourism supplier*
Tour Operator *Such as Quest Nature Tours; Butterfield and Robinson, Denure Tours, Horizon Holidays, Mary Morton*	✔ Sells direct to the consumer or through Travel Agents. ✔ Produces/distributes direct marketing brochures for the consumer. ✔ Attends consumer travel shows. ✔ Places ads in print, radio and Internet. ✔ Gathers market intelligence.	✔ An individual supplier may be part of a broader package or itinerary. ✔ Work with local receptive who then provides link to tour operators. ✔ Work with DMO to raise profile. ✔ Keep informed.
Travel Agents ***Such as*:** Sears Travel Agencies; CAA/AAA; Carlson Wagonlit	✔ Sells a range of products to public through storefront/ walk-in locations and call centers; focus is often on out-of-country desinations. ✔ Travel agents can play strong role in influencing purchase. ✔ Some local receptives are also licensed as travel agents.	✔ Identify travel agents in your area that will give your product the attention it deserves. ✔ Invite them to experience the package themselves so that they can speak to it first hand. ✔ Seek a relationship with agents who are licensed by TICO.

A summary of the distribution network for travel compared to that of a commercial or retail enterprise is illustrated below. A more detailed chart on the typical distribution networks used for travel trade in North America and for international travellers is presented in the following pages. This chart will help you understand the many ways these trade partners can relate to each other.

Travel:



Commercial:



Source: Ontario Tourism Network, 2001

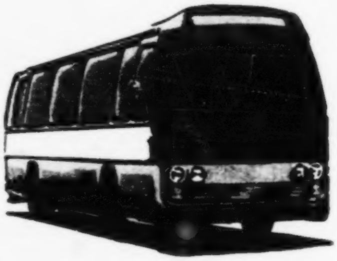
2.2 An Overview of Typical Travel Trade Distribution Networks for International and North American Visitors

A simple rule of thumb to consider in any distribution network is as follows – the farther away the end-user is from where the product (travel, food, books, clothes) is produced, the more channels of the distribution network are used. As well, the less knowledgeable the end-user is about the final product being sold, the more channels of distribution used.

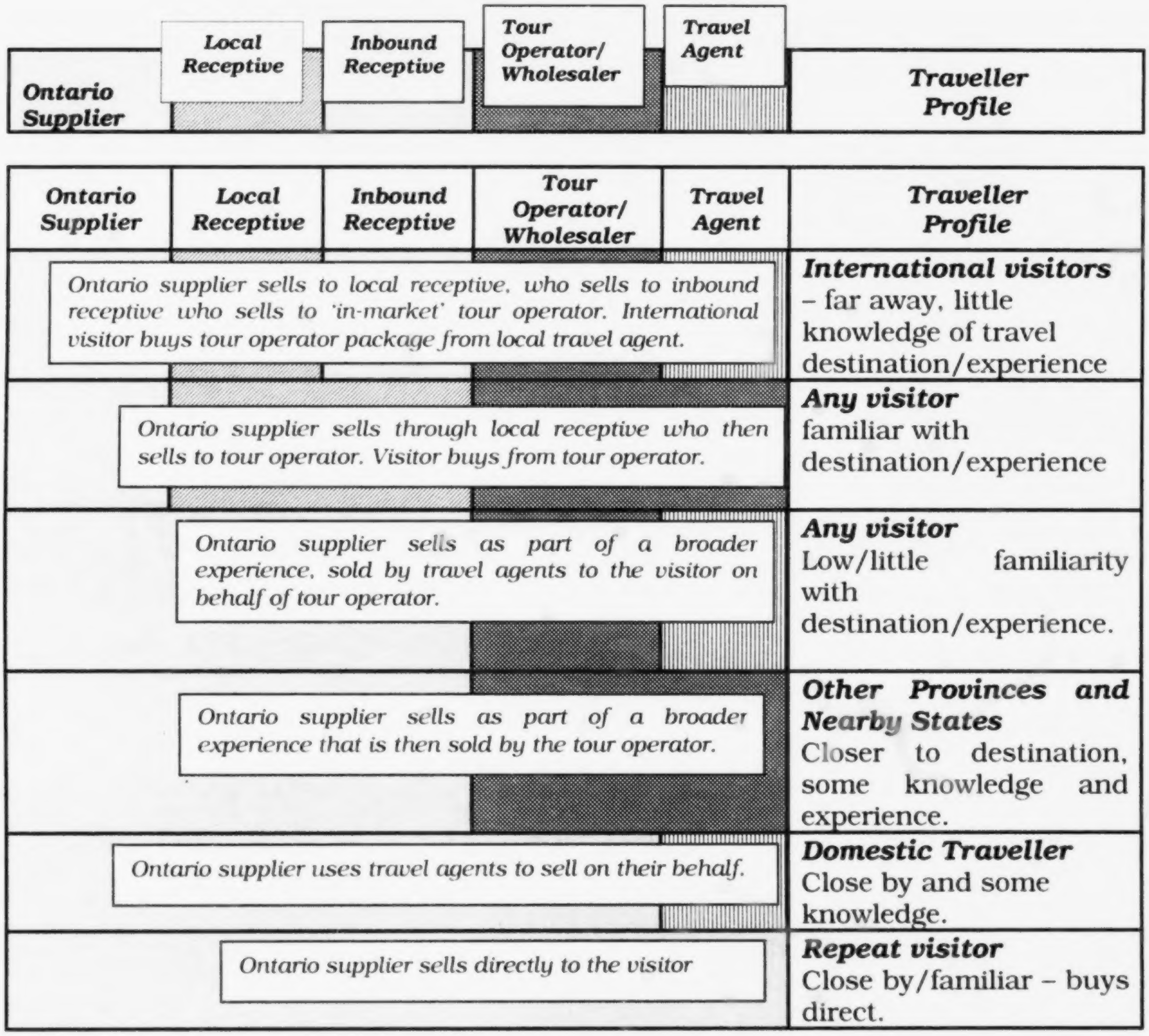
The level and number of trade channels used when purchasing travel are influenced by the following factors:

- Familiarity with the destination and/or experience;
- Ease of purchase;
- Accessibility of the channel (has established relationship with travel agent or access to the Internet); and
- Type of traveller – early adopter/trend-setter versus late adopter; group versus FIT.

The following chart provides a simple overview of how various traveller profiles typically use travel trade distribution networks. While there are many combinations of travel trade distribution channels that a traveller may use in various situations, this chart should help you to understand the role that your travel trade partners play in selling your product. It also illustrates the relationships that travel trade must establish and maintain with each other.



How Various Traveller Profiles Buy Through Travel Trade



Ontario Supplier / Local Receptive / Inbound Receptive / Tour Operator/ Wholesaler / Travel Agent	Traveller Profile
Ontario supplier sells to local receptive, who sells to inbound receptive who sells to 'in-market' tour operator. International visitor buys tour operator package from local travel agent.	***International visitors*** – far away, little knowledge of travel destination/experience
Ontario supplier sells through local receptive who then sells to tour operator. Visitor buys from tour operator.	***Any visitor*** familiar with destination/experience
Ontario supplier sells as part of a broader experience, sold by travel agents to the visitor on behalf of tour operator.	***Any visitor*** Low/little familiarity with destination/experience.
Ontario supplier sells as part of a broader experience that is then sold by the tour operator.	***Other Provinces and Nearby States*** Closer to destination, some knowledge and experience.
Ontario supplier uses travel agents to sell on their behalf.	***Domestic Traveller*** Close by and some knowledge.
Ontario supplier sells directly to the visitor	***Repeat visitor*** Close by/familiar – buys direct.

2.3 A note on domestic travel agents and local receptives.....

Domestic travel agents and local/regional receptives **are** interested in your business!

The business environment for domestic travel agents and local/regional receptive operators continues to face challenges -- increased bookings over the Internet and the decrease in commissions paid by major airlines in particular. These and other factors are prompting domestic travel agents to seek new sources of revenue, which has led them to take a closer look at selling products from their own back yard. This is a different strategy for many agents, who typically sell trips out of the country. OTMP is working to raise the profile and potential of Ontario product with Ontario-based travel agents, by developing the Ontario Receptive Alliance. The mandate of this group of licensed tour operators is to develop and sell commissionable FIT packages, which feature high quality regional and/or themed Ontario travel experiences. Many receptive operators also have the capacity to undertake ground handing arrangements for national receptives and other tour operators/wholesalers. You are encouraged to build a relationship with travel agents and local receptive tour operators in your area. A list of members of the Ontario Receptive Alliance who are currently working with OTMP is included in the appendices.

For a list of additional local receptive operators refer to the current "Ontario Travel Trade Manual" on page 2-2. And remember that local receptives are often just one part of a trade strategy!

Section Three

Is Travel Trade for You?

3

Is Travel Trade for you?

Working with travel trade to sell your product adds a new dimension to the way you operate your business. Before pursuing travel trade you need to go through a series of steps to determine if travel trade should be part of your business strategy. Six steps are presented in this section to help you evaluate if Travel Trade is for you.

1	*Travel Trade or Direct?*	☛	To evaluate what is most effective for your operation – travel trade, direct or a combination of both?
2	*Why do you want to work with Travel Trade?*	☛	To ensure your goals are compatible with trade partners.
3	*Identify which target markets you want trade to deliver on your behalf.*	☛	Helps to narrow and focus which trade partners you should seek.
4	*Understand and evaluate financial implications.*	☛	To ensure working with Trade makes good business sense.
5	*Assess if your product is 'trade ready'.*	☛	To ensure that you will be a partner that Trade will seek.
6	*Are you prepared to work with Trade?*	☛	Evaluate if you are ready to meet the needs of Travel Trade from a business and operations perspective.

A series of checklists, quotes and examples are presented in this section that address each of these areas. Use them as you assess if you are ready for Travel Trade. Even if you are not, use these checklists as considerations for the future, when you may be in a position to work with Travel Trade.

3.1 Travel Trade or Direct?

As noted earlier, travel trade is the distribution channel for travel products, linking the supplier to the end-user, the traveller. For some suppliers, it is more efficient to act as their own distributor. In most cases, however, it is not an either/or question, but rather the mix of trade and direct. The stage of the product cycle (new, growing, mature) will also have an impact on the combination of direct selling or with trade.

Direct to Consumer

Selling direct to the consumer makes sense when:
- You are close to the market that is seeking the product;
- When the traveller is familiar with the product;
- You have high repeat visitation requiring little effort to sustain;
- Capacity is limited; and
- Operating season is limited.

Direct sales can happen in a variety of ways:
- Internet
- Telephone - call center, 1-800, front desk/gate sales;
- Direct mail/database marketing – special offer for former visitors.
- Walk-in business;
- In-house sales force.

Print ads, media coverage, brochures, direct sales efforts, and word of mouth all play a role in driving direct sales to your business. You must determine if the resources you commit to direct sales (advertising budgets, staff time/wages, management time/wages, etc.) are being used efficiently for the level of direct sales that are derived from them.

Through Trade?

The decision to seek travel trade partners to sell your product typically occurs under the following general conditions:
- You have extensive, year round capacity (large hotels, major attractions);
- You want to target a specific geographic market (i.e. Germany,); and/or
- You want to sell to a narrow and specialized market segment such as adventure travel, industrial tours, educational tours.

A more detailed discussion of why you may want to work with Travel Trade follows.

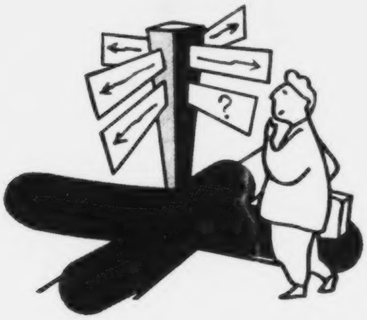
3.2. Why do you want to work with Travel Trade?

As you determine if working with Travel Trade is appropriate for your business, you must consider **why.** By defining "*why*" you will be able to identify the best trade partners to work with to achieve your goals. You will also be able to evaluate if the relationship is working – are you getting what you need?

There are many reasons for working with travel trade:

- Travel Trade know how to get travellers to buy.
- Travel Trade have extensive networks that would be difficult for you to duplicate.
- Travel Trade can add value to your packaging efforts by highlighting new opportunities/new partners.
- Travel Trade has extensive marketplace intelligence that is current and relevant that would be difficult for you to gather on your own.
- Travel Trade sells your package or experience to the consumer on your behalf, which allows you to focus your efforts elsewhere.
- There is no out of pocket cost to you until a booking actually takes place and is redeemed.
- Travel Trade sells the experience in the currency of the origin market (for example sells in francs to visitors buying in France) which makes it easier for the Ontario-based supplier.

You must be very specific on why you want to work with travel trade. Some examples of when it does and does not make sense are discussed below. Which ones reflect your situation best?



When does selling your product through travel trade make sense?

Selling through the travel trade does not make sense for all tourism suppliers. In fact, selling through the travel trade should be only one component of a well-rounded business strategy. The table below outlines some strategies for which travel trade typically makes sense.

Supplier Strategy	***Benefits of Trade***	***Specific examples....***
Shifting market mix to attract higher yield but want to maintain presence in existing market.	Allows you to shift resources (time and dollars) to focus on new markets you are trying to attract.	✔ Year round resort with strong repeat family market who wants to attract affluent seniors from broader geographic area. ✔ Cultural facility with strong group market wants to attract small custom groups and FIT.
Shifting market mix to attract long haul visitors... to smooth or balance business risks. For example when domestic demand is low, international demand may be higher.	Trade provides reach, market intelligence and networks that would be very difficult for an individual supplier to build.	✔ Family-owned adventure outfitter with loyal regional market wants to attract long haul U.S. ✔ Destination spa with Ontario/Quebec guests wants to attract European travellers.
Attracting tourism business to a business whose primary markets are not tourism.	Provides knowledge and links to sector that operator may not be familiar with. Acts as catalyst for new partnerships.	✔ Garden centre, factory outlets or retail shopping malls who traditionally focus on local markets.
New/start-up business in remote location.	Reduces cash out of pocket in early stages; provides a very narrow and focused approach, assuming that the trade partner you are working with fits your target market. Also allows supplier to focus on other operational issues.	✔ Remote ecotourism-based operation.

When does travel trade not make sense?

There are some common situations when working with the travel trade does not typically make good business sense from the travel trade perspective. Consider the examples below and determine if your operation has similar characteristics.

Supplier Reality	***Why it is a challenge for Trade***
Capacity is limited and inconsistent.	There is no guarantee that the space will be available when sold so many months in advance. Most suppliers with limited capacity will not be comfortable setting space aside so far in advance.
Owner/operator takes 5-month holiday out of country annually as operation only runs from May to October.	Trade cannot confirm prices or bookings as they evolve.
The business is in its first year of operation.	Travel trade book up to 24 months in advance, particularly for group travel. They also need assurance and a 'track record' of successful operations before making a commitment.
Guided and interpretive programs are offered on a limited basis.	Trade may not perceive that the experience is provided on a consistent basis.
The experience is free and/or ungated (no admission charge).	There is no opportunity for Trade to generate income unless a value-added experience is added. Travel Trade may also have limited confidence that the experience will, in fact, be delivered.
The product has a limited time frame – for example a 10 day annual festival.	Because it has a limited timeframe, it cannot form the foundation for a series of scheduled departures. It can, however be positioned as an add-on to other recurring tours/itineraries.

3.3 *Identify which markets you want Trade to deliver*

In order to identify which trade partners you will seek, it is important to identify which markets you want trade to deliver to your business. This will start to narrow and focus your efforts and also generate operational and philosophical issues for you to consider.

Where are they coming from – long haul or short haul?	☐ Is trade more efficient at delivering this segment than you can do on your own through direct sales?
How does the traveller buy? What is their level of travel experience, and knowledge of destination?	☐ Is there a role for trade or is it better to sell direct?
What type of experience are they seeking – Icons? Intense and specialized itinerary?	☐ Can you offer this experience?
What mode of travel do they typically use? (motorcoach, small group options , FIT – individual travel)	☐ Is your business compatible with the expectations of this sector? Do you have sufficient capacity, infrastructure and other support services close by? Do you have the time and knowledge to provide an appropriate level of service?
What are the age demographics and needs? For example, passive seniors, student groups.	☐ Can you meet dietary requirements? Is on-site access suitable? Do you need parental permission forms? Is there a need for additional supervision? Is your equipment available in a variety of sizes and skill levels?
What are the cultural expectations?	☐ Can I meet cultural needs of both Trade and visitor? (Section 4 looks at the needs or major origin markets).

As you go through the next series of questions, your ability to meet the needs of the markets you are targeting will become clear.

3.4 Evaluate the Financial Implications

It is important that you understand and evaluate the financial implications of selling through the Travel Trade as you determine if it makes sense for you. Many tourism suppliers think that working with Travel Trade does not make financial sense. In some cases, it doesn't. But in many cases it does. A number of examples are presented below for your consideration.

Case Study #1:

6 month season (180 days); full price per unit $150 (unit could be a bedroom, a cottage, per day fee for guided trip etc.); fixed costs of $45 *(note: fixed costs are those direct costs that you incur whether or not the unit is sold such front desk labour, a ride attendant or kitchen staff; overhead includes such costs as marketing, insurance, lease and administrative costs; variable costs are incurred only when the unit is sold.)*

	Without Trade	*With Trade no new units sold*	*With Trade new units sold*
Total number of sales units (rooms, seats, admissions)	75	75	75
Revenue per unit full price	$ 150.00	$ 150.00	$ 150.00
Net discount to trade		25%	25%
Revenue per unit to trade		$ 112.50	$ 112.50
Number of days available	180	180	180
Average Annual Occupancy	65%	65%	70%
Total Units sold	8,775	8,775	9,450
% of units sold with trade discount	-	15%	10%
Units sold through trade	-	1,316	945
Units sold at full price		7,459	8,505
Total Gross Revenue	***$ 1,316,250***	***$ 1,266,891***	***$ 1,382,063***
Fixed Costs per Unit	$ 45	$ 45	$ 45
Total Fixed Costs	$ 394,875	$ 394,875	$ 425,250
Net Revenue before Overhead	$ 921,375	$ 872,016	$ 956,813
Total Overhead	$ 500,000	$ 450,000	$ 450,000
Net Profit	***$ 421,375***	***$ 422,016***	***$ 506,813***
Overhead per Cost per Unit Sold	$ 57	$ 51	$ 48
Per Unit Summary			
Average Revenue per Unit	$ 150	$ 144	$ 146
Fixed Costs	$ 45	$ 45	$ 45
Overhead	$ 57	$ 51	$ 48
Your Profit	$ 48	$ 48	$ 54

Comment: In case Study #1, the profit per unit is higher when trade sells units at 25% discount. Therefore, the actual yield is higher.

Case Study #2

Year round attraction/museum with regular adult admission of $10.00, group rate of $8.50, net rate for FIT (or the rate you sell to travel trade for) of $8.00.

	#1 Without Trade	#2 With Trade New Visits	#3 With trade different mix	#4 With trade different mix new visits
Prices				
Regular Gate price	$10.00	$10.00	$10.00	$10.00
Group Rate		$8.50	$8.50	$8.50
Net Rate - FIT		$8.00	$8.00	$8.00
Visitors				
Regular admission	12,000	12,000	10,000	8,000
Group	-	1,000	1,000	2,500
FIT through Trade	-	500	1,000	3,000
Total Annual Visits	*12,000*	*13,500*	*12,000*	*13,500*
Revenue				
Regular admission	$120,000	$120,000	$100,000	$80,000
Group		$8,500	$8,500	$21,250
FIT		$4,000	$8,000	$24,000
Total Revenue	**$120,000**	**$132,500**	**$116,500**	**$125,250**
Gift Shop Revenue				
assume average sale/visit	$ 0.50	$ 0.50	$ 0.50	$ 0.50
Total Gift Shop Revenue	$ 6,000	$ 6,750	$ 6,000	$ 6,750
Total Revenue	**$126,000**	**$139,250**	**$122,500**	**$132,000**

Comment: There are a number of advantages that may evolve from this scenario:

- new income may be generated at the gift shop and in food and beverage outlets while on-site;
- travel trade may pay full adult price and blend the cost into the overall experience – they achieve their revenue goals by marking this admission up from regular adult rates;
- travel trade may bring business at a time of year when there is traditionally little or no business and therefore be generating income for the operation that is incremental.

> ***When first starting with travel trade, remember to...***
> *"...make sure your product fits the type of operators' client mix. Be committed to that mix and target their product."*
> Wayne Asquith
> New Dimensions Travel and Tours

3.5 Evaluate if your product is 'trade' ready

Selling through the travel trade adds a new dimension to your site/operation by committing to a set of conditions and agreements. Use the following checklists to determine if your operation is ready for both visitors and travel trade. These checklists may also be used to identify areas that need attention as you strive to become "market-ready". You do not necessarily need to answer all questions in the affirmative to be considered market ready.

3.5.1 General Checklist for Trade and Market Ready

Motivation

- ☐ Is attracting and serving tourists from outside my region consistent with my own goals?
- ☐ Do I (and does my organization as a whole) see increased tourism as a positive opportunity for my site?

Product

- ☐ Does my facility offer a quality experience to visitors? How do I know? (increase in visitors, high repeat visitation, external/independent accreditation/standard, etc.)
- ☐ Does my facility offer something unique? What is it? How do I know it is unique? (no one else in general area offers a similar product; independent media coverage, awards, etc.)
- ☐ Is my facility considered competitive.... Locally? Regionally? Nationally?
- ☐ Do my seasons and hours of operation match the demand from visitors?
- ☐ Do I have capacity? If so, when?
- ☐ Am I willing to offer inventory in peak season as well as low and shoulder seasons?
- ☐ Do I have alternate plans if there is inclement weather? Particularly for adventure and winter-based experiences.

Staff

- ☐ Is my staff trained in hospitality? To provincial or international levels?
- ☐ I have enough staff/volunteers to provide a high-level of experience to visitors even if my numbers increase.

Communications

- ☐ Can I be reached 24-hours a day, 365 days a year by phone? fax? e-mail?
- ☐ Can I return messages within 24 hours?
- ☐ Do I have a web page where others can obtain information? request information?

Transportation /Access

- ☐ Is my site/product easy to access by road? By air? By water?
- ☐ Are there directional signs helping people find my site/product?
- ☐ Is there any public transportation to my site?
- ☐ Is my site accessible in winter?
- ☐ Is there enough parking for:
  - Cars?
  - Buses? (and room for turnaround?)
  - Recreational Vehicles?
  - Other modes of transport (boats, snowmobiles) related to my site?
- ☐ Is my location convenient to other tourist attractions/services?

Services

- ☐ Do I have enough washrooms for:
  - Casual Visitors
  - A Bus-Load of People (47 people), if pursuing motorcoach market
- ☐ Are food services available:
  - On-Site?
  - Within Walking Distance?
  - Convenient to my site?
  - Are food service hours compatible with mine?
- ☐ What services do I have for handicapped travellers?
- ☐ Are gifts/souvenirs available?
- ☐ Do I offer bilingual services?
- ☐ Do I offer services/information in foreign languages related to my target markets?

Marketing

- ☐ Do I know my current market (i.e. the characteristics of visitors)?
- ☐ Do I have a marketing plan that identifies:
  - Target markets? (and those I do *not* wish to attract)
  - Competitive advantages for those markets?
  - Ways and means to reach the target markets?
  - A reasonable marketing budget?
  - Compatibility between target markets (i.e. seniors/schools)
- ☐ Do I have promotional material that presents the product, the price, dates and key reason to visit?

Price/Tickets

- ☐ Do I have a price structure that allows for commissions, net rates and other discounts?
- ☐ Can I set and confirm rates at least one year in advance?
- ☐ Am I able to consider selling tickets/vouchers off-site?
- ☐ Am I able to accept block bookings by tour operators (if that is my market)?

Partnering

- ☐ Can I negotiate and confirm agreements with private-sector partners?
- ☐ Can I acknowledge my partner in publicity?
- ☐ Do I have the characteristics of a good partner? Am I
  - willing to be share information about my markets, prices, product lines, services?
  - willing to give up some control?
  - willing to adapt my facility/activities to meet the needs of the partnership?
  - willing to invest time and resources in a partnership?
  - willing to enter into long term partnership?
- ☐ Am I a member of any type of consortium? I.e. purchasing group, Chamber, tourism organization?

Health and Safety

- ☐ Does my site comply with all local/regional health and sanitation standards?
- ☐ Is my site clean at all times?
- ☐ Do I have an up-to-date government license to operate?
- ☐ Do I have suitable business and liability insurance coverage?
- ☐ Am I prepared for accidents?
  - Are staff trained in first-aid and accident procedures?
  - Do I have a well-stocked first-aid kit?

General Policies

- ☐ Are my cancellation policies reasonable and within normal range for travel trade partners?
- ☐ Does my facility support and encourage site/operation inspection by trade partners?
- ☐ Do I have contracts, customer surveys, thank you process that support my operation?

3.5.2 Checklist by Type of Operation for Group Tours

The table below provides a checklist of features that group tour operators typically seek from their partners. FIT partners simply require that you recognize and accept vouchers in addition to providing what is described.

	Group Needs *(Typical motorcoach – up to 48 travellers)*
Accommodation	☐ Minimum of 25 rooms to accommodate one group. ☐ Location is central to shopping/attractions/on the way to other sites. ☐ Breakfast available on site ☐ Lobby space to accommodate group arrivals. ☐ Separate check-in areas for groups ☐ Willingness to work with rooming lists ☐ One complimentary room for every 15 rooms sold ☐ Driver room rate. ☐ Food and beverage on site – coffee shop/bar/lounge ☐ Greeting and farewell service ☐ Luggage and porter service
Attraction (includes cultural and heritage attractions)	☐ Good washroom facilities - clean, large ☐ Good eating facilities - for coffee break / light lunch ☐ Attraction visit between 1 ½ to 2 hours. ☐ Can you provide a guided tour or alternatively, a range of activities and explanations? ☐ Group meeting place with seats available prior to departure. ☐ Separate group entrance. ☐ Complimentary policy for driver and escort.
Food & Beverage	☐ Can you offer either a set menu or choice of meal to suit the needs of the group? (beef, chicken, other) ☐ Is there sufficient capacity for groups up to 48? ☐ Can you accommodate group in separate dining area? ☐ Prompt service – can you serve lunch in less than one hour? ☐ Sufficient washroom capacity to accommodate groups. ☐ Parking for motorcoach. ☐ Attractive setting – view/décor ☐ Close to highway and other attractions. ☐ Complimentary policy for driver and escort.

Retail

- ☐ Can you offer a group discount/coupon?
- ☐ Gift for driver/escort.
- ☐ If necessary, can you issue separate bills for individual visitors?
- ☐ Are refreshments and washrooms available in order to make the stop a combined coffee/shopping break?

Transportation

- ☐ Air conditioned if being used in summer season.
- ☐ Well maintained/new equipment with no mechanical problems.
- ☐ Public address system or microphone available
- ☐ Fleet size to accommodate range of needs.
- ☐ Washroom on board motorcoach
- ☐ Flexible, patient, friendly drivers.

3.5.3 Additional Considerations

In addition to the general considerations outlined above, you should also be aware of some additional factors as outlined below.

Language Requirements

Language requirements will vary with the origin markets you are serving and their general understanding and exposure to English and French.

- ☐ Can your facility communicate in the language of your visitors - menus, directions, etc.?
- ☐ Can you communicate with trade partners in language of their choice?

Currency

Some currency issues are also important, but in some cases may be handled by your trade partner – another reason for considering working with travel trade partners!

- ☐ Can you provide trade partners with pricing in their currency? This is particularly important for the U.S. market.
- ☐ Do you post U.S.$/Cdn. $ exchange rates prominently?
- ☐ Do you offer a competitive and fair rate?
- ☐ Can you receive payment in U.S. funds?
- ☐ Are you aware of the current GST rebate program and how it works? (see www.ccra-ardc.gc.ca/tax/nonresidents/visitors)

3.6 Are you prepared to work with Travel Trade?

There are many benefits to selling your package, itinerary or experience through travel trade. You will expect certain things from the tour operator, travel agent or wholesaler. What services can you expect for the commissions you pay them? In turn, the travel trade has expectations and needs as well. Working with the travel trade is not for everyone. This checklist helps you determine if travel trade is for you.

✓ Tour operators advertise their trips many months ahead of the scheduled start date and publish rates and dates even farther ahead of the start date. A typical planning cycle is presented below.

☐ *Can you guarantee price and capacity 12 to 18 months ahead of arrival?*

☐ *Can you provide suitable sales collateral (photos, slides, CDs) and detailed descriptions for sales and marketing tools?*

✓ Your relationship with travel trade is a legal agreement in which you pay the travel trade a commission for each of your products sold or offer them a discount or net rate. If commission (usually to travel agents) it is typical that the travel agent keeps this commission from the first payment made by the visitor that is buying the trip. Your operation may not receive the remainder of the cash until the visitor arrives and the trip is complete.

☐ *Are you prepared to pay the travel trade for their efforts? Do you value their efforts?*

☐ *Are you willing to give up some cash flow in order to benefit from the efforts of the travel trade?*

Typical Planning/Selling Cycle

Visitor Arrival	*Planning/Brochures*	*Sales begin...*
Spring/Summer: April to September 2002	October-December 2001	January 2002

Fall: October/November 2002	February 2002	May 2002
Winter: December 2001 to March 2002	May/June 2001	August/September 2001

✔ Travel trade requires that you block out and guarantee space.	☐ *Are you willing to hold and guarantee space for travel trade?*
✔ Travel trade/tour operators often require invoices for billings.	☐ *Is your operation set up to generate invoices on a regular basis? Can your cash flow cover operating costs until you are paid by trade?*
✔ Travel trade may request all-inclusive prices, which include all taxes and gratuities.	☐ *Can you provide all-inclusive prices when requested?*
✔ Travel trade may prefer to work with partners who can work with them on a year round basis.	☐ *Are you willing to provide travel trade with space/services in your peak season in order to get their support when you need them in the shoulder season?*
✔ Travel Trade needs prices that provide value and are competitive.	☐ *Is your trade rate competitive? Does it allow for enough room for each trade member along the chain to add their surcharge?*
✔ Travel trade needs suppliers who understand their clients and can deliver what is promised.	☐ *Are you prepared to deliver what they expect? (flexibility, trade prices, fast turnaround etc.)*
✔ Travel trade assumes the risk for delivering what is advertised.	☐ *Are you prepared to provide what you promised – lakeside rooms, four course meal etc.?*
✔ Travel trade may take two years or more to deliver new clients to your operation.	☐ *Are you willing to invest in a relationship with travel trade for the long run?*
✔ Travel trade may bring their clients (in-market agents and other partners) on site for a tour.	☐ *Are you prepared to showcase the meal you will serve, the various styles and configurations of accommodation units, provide the complete experience whenever your travel trade partners make a request, during both peak and low seasons?*

One word of advice....

"After we did our research, we realized that we couldn't service the travel trade and abandoned it.

Jim Reid, Conservation Lands of Ontario

Section Four

Focus on Origin Markets

4 Focus on Origin Markets

Once you have determined that you are ready to partner with Travel Trade, you will need to invest time to understand the needs and preferences of the origin markets you and they are targeting. Travel trade plays a different role in each origin market. This section provides you with an introduction and overview of these roles by the four major markets for Ontario – the domestic market, United States, Europe (United Kingdom, Germany, France) and Japan. Detailed information by origin market is also presented. Information presented in this section comes from a number of sources including:

- information gathered at annual international trade shows attended by OTMP Trade staff;
- research completed at Rendezvous Canada, (a trade show hosted by TIAC annually to showcase Canadian products to international buyers);
- CTC and OTMP market research;
- Canadian Tourism Research Institute; and
- Travel Industry Association of America.

It is important to note that each country within each of these major markets will have additional nuances and in fact, legal requirements. It is your responsibility to gather as much information as you can on the markets that you are targeting through travel trade. Internet addresses for the above-noted sources are included in the Glossary, found in Appendix A.

How to use this information

The information presented by country of origin provides you with some insight to the needs and preferences of travellers from these destinations. Use this information to:

- educate yourself and be more familiar with the market needs that your travel trade partners are selling to before you approach trade.
- build packages/experiences to present to trade partners that will be attractive to the markets they sell to – each has different interests and needs;
- identify other suppliers as potential partners to build packages/experiences with, that will be creative and appeal to both travel trade and the traveller;
- understand and plan for legal obligations by origin market; and
- assess if you can/are willing to meet needs by origin market.

Some considerations

Before focusing on the specifics of each origin market, here are some general considerations.

Target the repeat visitor
Most international or long distance leisure travellers will try to see the major icons and well-known attractions on their first visit to a country or area. In Ontario's case this might include Niagara Falls, Algonquin Park, Ottawa and the CN Tower. When they return on their next visit, they are more likely to explore farther afield. Therefore, if you are not considered a major icon, which varies by market, you are likely targeting the repeat visitor.

A word of advice...

"...be prepared to supply what you promise and ensure that your staff is prepared to follow through on promises your sales staff made to the operator. Involve your staff in servicing the groups you sell.
Alida Hume
Cardinal Tours

Don't underestimate the power of 'word of mouth'
The following sections include some information on 'how the visitor buys' and sources of information that a visitor uses in planning a trip, which typically includes a mix of Internet, travel agents and the popular press. However, word of mouth is consistently the number one source of information. This has obvious implications for any tourism operator. The first one is to focus on delivering a high quality experience all the time, so that visitors will tell their families and friends. The second implication is to build a relationship with the host of visitors that are traveling primarily to see friends and relatives (VFR). These hosts will often be the decision-makers for their guests.

Travel Industry Council of Ontario

The Travel Industry Council of Ontario (TICO) administers the Travel Industry Act. This Act governs travel agents and wholesalers in Ontario and administers the Ontario Travel Industry Compensation Fund, which protects consumers. Simply explained, this fund reimburses Ontario consumers if their trip, or a portion of it (a show, a cruise) is not completed because the end supplier goes out of business. Suppliers are strongly encouraged to work only with wholesalers and travel agents who hold current TICO licenses. For more information contact TICO (see Glossary for complete contact information.

4.1 Ontario's Major Markets

Travellers from all over the world visit Ontario. A snapshot of where visitors to Ontario come from and their overall spending is presented below to give you some context as you review the needs of each origin market. The information presented here is taken from the Ontario Tourism Partners Marketing Plan for 2001-2002 and from the report on Ontario's overnight pleasure travel markets for 1999. Please refer to the most recent marketing plan and research reports at www.tourismpartners.com for current data and additional details.

Profile of Total Visits and Spending by Origin

Origin of Visitor	*Total Visits*	*Total Spending*
Ontario	65%	40%
Other Canada	4%	7%
U.S.	28%	37%
Overseas	3%	16%
Europe	54%	51%
Asia Pacific	26%	28%
Other	19%	20%

Source: OTMP Marketing Plan 2001-2002

The yield, or total spending per visit, and average length of stay, varies by origin as well. Those that stay longer spend more and are therefore an attractive market to attract.

Profile of Overnight Pleasure Visits by Origin

Origin of Visitor	*Average length of stay in Ontario*	*Average spending per person per trip*
Ontario	2.84	$128
Other Canada	2.94	$135
United States	3.33	$339
Overseas	7.18	
United Kingdom		$1,256
Germany		$656
France		$1,042
Japan		$632

Source: Ontario's Overnight Pleasure Travel Markets 1999, Ministry of Tourism, Culture and Recreation 2001

4.2 Domestic/Canadian Travellers

The domestic market typically uses travel trade less when they are buying Canadian products and experiences. They may know the supplier from previous trips or know the destination very well. If they are seeking a getaway weekend in their region, they are more likely to book directly with the resort or inn offering the package. However, when the experience is in another province that they don't know well, they may use a travel agent or tour operator. If the traveller is seeking a new type of adventure they know little about - for example rock climbing or white water rafting- they are more likely to seek a reputable operator that sells these experiences. Skican is an example of a successful tour operator that sells skiing vacations in Canada.

Research completed by Angus Reid in January 2000, on the leisure travel intentions of Canadians noted the following patterns for planning.

	Planned Destination for Next Leisure Trip *% of respondents*					
	Total	*Own Province*	*Other Province*	*California, Florida, Hawaii*	*Other U.S.*	*Outside Canada Non-U.S.*
Make own plans	**55**	84	59	23	44	17
Travel Agent	**31**	6	22	57	30	74
Internet	**11**	8	11	22	21	9
Transportation Company	**7**	3	12	9	9	5
Airline website	**2**	0	0	6	4	4
Other	**3**	4	2	3	6	3

Source: Canadian Lifestyles March/April 2000 Volume 15, No. 2; Note - multiple responses were allowed, therefore numbers may exceed 100.

Note that the tendency to 'make own' travel plans decreases the farther away the destination is, reinforcing the same point made earlier.

More recent information by market segment on Ontario and U.S. border travellers provides additional details on sources of information used in trip planning as detailed in the following table. This information provides some insight into the *mix* of sources used by each segment. For you, the supplier, this means that selling through a number of avenues will be the most effective means of reaching various market segments. The use of travel agents and CAA/AAA reinforces the power of selling through travel trade.

	Internet	***Travel Agents***	***Other***
Affluent Young Singles	23%	11.3% CAA/AAA: 8.1%	
Affluent Young Couples	22.8%	14.6%	Travel Guide (ie. Fodors) 7.3%
Mainstream Youth	19.5%	5.4%	Government Guides: 5.4%
Affluent Families	22.1%	CAA/AAA: 15%	Government Internet Site: 8.1%
Mainstream Young Families	12.9%	9.2% CAA/AAA: 5.9%	
Mainstream Mature Families	10.8%	14.2% CAA/AAA: 12.3%	
Affluent Mature Singles	16.5%	23.2% CAA/AAA:11.4%	
Mainstream Mature Couples	12.2%	13.5% CAA/AAA: 12.3%	
Mainstream Mature Singles	21.6%	12.7% CAA/AAA: 15.3%	
Affluent Mature & Seniors Couples	30.4%	12.7%	Travel Guides (ie Fodors) 6.8%
Mainstream Senior Couples		12.5% CAA/AAA: 22%	Travel Brochures: 10.9%
Seniors Singles		16.7%	Government Brochures: 6.9% Tourist Centres: 7.8%

Source: OTMP Tracking Program – Domestic and U.S. Border Markets, 2000; available at www.tourismpartners.com

Note: In all segments, Family and Friends are the #1 source of information.

4.3 United States

As in the domestic market, the more familiar the traveller is with the region they are going to or the experience they are seeking, the more likely they are to book directly. Long haul travellers are more likely to use a tour operator and/or travel agent.

One word of advice...

"...respond as quickly as you can to any request. Be very clear on what you are offering and put everything in writing to avoid confusion.

Tim Booth
Hilton Sales, Worldwide

Many independent U.S. travellers rely on American Automobile Association (AAA) travel agents and trip counselors for planning and booking a trip. Seven AAA offices (Michigan, Ohio, New York, Pennsylvania, Wisconsin, Illinois and Minnesota) serve over 8 million members – all within a 2-hour drive of Ontario. This represents one sixth of the total U.S. adult population! The age of AAA members using travel services has decreased from 59 years three years ago to 54 years of age. General experiences that AAA members currently seek include:

- family getaways;
- romantic getaways;
- cultural collections; and
- outdoor adventure/recreation – particularly the 'trophy trip'.

The U.S. group travel market segments into a number of areas:

- *older adults* – seeking a more passive experience;
- *active seniors* (70+) who have done some travelling and are now seeking a particular experience;
- *baby boomers* – who are moving into the seniors age group. This group is well travelled and may not be as prone to large group travel as the generation ahead of them;
- *educational groups* – both elementary and secondary markets.

Ontario suppliers who are targeting the U.S. group tour market should work through such associations as the National Tour Association (NTA) and the American Bus Association (ABA).

For either group or FIT travel, the Ontario supplier must remember that for many, a trip to Canada is still seen as a trip to a 'foreign' destination. Therefore, supply as much information as you can as they make their decision -- driving times/distances; what they will need at the border and regulations on alcohol, firearms and driving.

United States

Who are they?	*What are they looking for?*
▪ 9 out of 10 are repeat visitors ▪ increased weekend and getaway travel – 3-4 days instead of 2 weeks ▪ high use of Internet to plan and book travel ▪ increased FIT demand ▪ families ▪ affluent couples ▪ growth segments are the middle-aged and mature segments ▪ strongest growth expected from the medium and long haul markets in the south and west.	▪ Year round opportunities ▪ Niche, specialized experiences ▪ Nature ▪ Authenticity ▪ Different and unusual cuisine ▪ Learning vacations ▪ Visiting arts/architectural/historical sites ▪ Nightlife/entertainment ▪ Hotel or resort with distinctive theme or atmosphere ▪ Gambling ▪ Theatre ▪ Fishing ▪ Hunting ▪ Shopping ▪ Wineries ▪ Sightseeing ▪ Spas

Cultural Nuances
▪ For U.S. residents who have not travelled outside their own country, Canada is still seen as 'foreign' even though there are few language barriers. ▪ Well-travelled and affluent visitors are less likely to be price-sensitive. ▪ May need education on the purchasing power of the US dollar. ▪ As the boomers age, they are seeking comforts, fine dining and challenges but not danger. ▪ Need to understand what they need when they cross the border. ▪ Driving times, distances, how long it takes to get there. ▪ Understanding Canada's rules and regulations on alcohol, driving, firearms

U.S.
Travel Trade Focus

- National tour operator partnerships are through the CTC and are on-going - Brennan/SNV, Tauck Tours, Collette Vacations, United Vacation, Globus Cosmos and AAA offices in Michigan, Ohio, New York, Pennsylvania, Wisconsin, Illinois, Minnesota
- Many Ontario-based DMOs have strong links and programs targeting US markets – suppliers should contact their local DMO first and become part of a larger itinerary.
- Do research ahead of time to understand what the trade partners are selling and how your product may fit in. If your product does not fit in, be prepared to help them find an alternative – this will enhance your relationship for future opportunities.

Group Travel/Tour Operators

- Tour operators are seeking suggested itineraries and new reasons to visit. It is up to you to keep OTMP and your DMO informed about changes or new products that you may offer.
- Suppliers seeking *group business* should consider attending National Tour Association and American Bus Association trade shows (with DMO whenever possible) which join suppliers with the largest numbers of operators throughout North America -NTA tour operator membership is approx 600; ABA tour operator membership is approx 350; Membership fees range from $400- $500US for either of the above. Convention registration is approx $1200.00 US for each. These 2 forums access the opportunity to participate in one on one pre-scheduled 8 minute appointments with tour operators.
- NTA publishes Courier Magazine and provides advertising opportunities.

Independent Travel (FIT)

- The seven AAA offices noted above, have over 8 million members or one sixth of the U.S. adult population – all within a 2 hour drive.
- AAA has a strong sales force with focus on FIT; looking for commissionable packages that can be accessed through one contact/phone number to call/book all components- 10% - 15% commission negotiated between buyer and seller.
- OTMP offers a fully integrated approach for AAA which includes marketplaces in targeted near and mid haul cities, print ads in AAA publications (eg. Home and Away Illinois, Michigan Living, AAA Motorist) FAMs and training sessions for AAA travel agents, counselors, branch managers media and tour operators. Ontario is a preferred supplier for the seven AAA offices.
- As you develop packages for the AAA/FIT buyer be specific about who it is for, how it can be bought (one contact), how it will be marketed and price in US dollars.

4.4 Europe

There are some common elements and characteristics of selling through the travel trade across Europe that you should be aware of presented below.

- Acquisition and consolidation within the travel trade segment has recently been common in Europe, with large tour operators buying out other large tour operators. This consolidation means that large tour operators have the size and clout to negotiate better rates.

One word of advice...

> *"....flexibility is key to tour groups. They change constantly even up to the day of service. We need suppliers to understand their needs because this is the nature of the business. Offering flexibility will ensure your clients satisfaction, thus giving them incentive to work with you.*
> Gina Kearns
> CANTOURS, Inc.

- Payments from European tour operators are usually slower than others because they have the added pressure of hedging the U.S. dollar- they want to delay converting it to Canadian dollars. When dealing with a relatively new tour operator always ask for either a credit application to be filled out and/or a floating letter of credit or cash deposit to be applied to their bookings for the year. Too many tour operators take bookings and don't pay, and the supplier is left with no recourse. Dealing with an established receptive operator adds a level of security for the individual supplier.

- European Consumer Protection laws, which are among the strictest in the world, favour the *consumer.* The greatest legal exposure is on the European tour operator. In some European countries the consumer can sue the tour operator for 120% of the value of their holiday. If a European tour operator is guaranteed by an Ontario supplier that the bed sheets in the Bed & Breakfast will all be blue and the tour operator publishes this, then the client arrives and finds yellow sheets, the tour operator can now find themselves in court refunding the clients holiday cost. This example is rather extreme, but any cause for "loss of enjoyment" as it is known in the UK is cause for the consumer to sue. This is one of the primary reasons, besides price, that large tour operators go through receptive operators in Canada. If anything goes wrong the tour operator has only one call to make to one supplier, the receptive operator, to fix the problems.

United Kingdom

Who are they?	*What are they looking for?*
▪ Frequent international travellers who are seeking new choices and alternatives to mass market packaged holidays ▪ Increasing interest in exploring and learning about different cultures ▪ VFR is #2 reason for visits to Canada behind pleasure travel ▪ Highest travel is typically in the July to September period ▪ Married/retired, traveling without children, aged 45-65, well-educated are seeking nature or culture ▪ Younger travellers, aged 25-45 are seeking specialty adventure experiences ▪ Majority buy through retail travel agents	▪ touring opportunities that link cities ▪ culture/arts ▪ outdoor activities – climbing, hiking ▪ national and provincial parks ▪ exotic winter products – dogsledding, snowmobiling, ice fishing, ice climbing ▪ learning/study vacations ▪ increased interest in self-catering/suite accommodation options ▪ car rental ▪ shift from package tours to FIT ▪ fly/drive combining city and nature ▪ shopping and theatre; outlet malls ▪ good value ▪ premium and moderate accommodation; resorts with soft adventure activities ▪ rail tours

Cultural Nuances

- increased environmental awareness and sensivitity has placed focus on quality of the environment at vacation destinations
- lack of language barrier makes independent travel in Ontario more attractive than some other destinations
- active seniors are seeking balance between convenience of package/what they know and flexibility of independence
- 'no surpises' – deliver what is promised, on time
- politeness and discretion are valued
- reliable transportation with direct links between one part of the journey and the next
- appreciate when historical links between UK and Canada by hosts or by guides is referred to
- many appreciate a variety of ethnic foods as they are commonly found in the UK
- entertainment/interpretation if travel between two destinations is long – they are used to shorter distances and so become restless.
- Many seeking 'non-strenuous' holiday - want to see, but not participate.

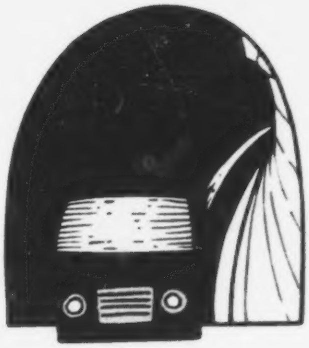
United Kingdom
Travel Trade Focus

- A few key wholesalers and tour operators hold most of the power in the UK:
  Thomas Cook Holidays merged with British Airways Holidays, Globespan, Airtours, First Choice, Unijet, Thomson Holidays, Trailfinders, Travelpack, Travelbag
- Access to U.K. retail agents is through U.K. tour operators and wholesalers. The most efficient avenue to the UK market is through *Canadian receptives.*
- Ensure all agreements are detailed in writing.

One word of advice...

"...respond as quickly as you can to any request. Be very clear on what you are offering and put everything in writing to avoid confusion.

Tim Booth
Hilton Sales, Worldwide



Germany

Who are they?	*What are they looking for?*
▪ Frequent travellers, who believe that travel is one of their basic rights ▪ Average spend per trip higher than other European travellers ▪ Peak travel in July-September but increased travel/interest in winter ▪ Highest demand from 25-44 year old age group ▪ Affluent seniors are more likely to travel in shoulder seasons ▪ High repeat visitation and therefore more independent travel after first trip.	▪ outstanding scenery, open spaces, outdoors- national and provincial parks ▪ diversity of cultures – French, English, Aboriginal ▪ soft and hard adventure ▪ winter experiences- dog sledding ▪ mainly FIT with still a high % of Group travel, ▪ car & motor-home rental ▪ authentic experience (i.e.aboriginal, cowboy) ▪ outdoors (national parks), sports ▪ increasing demand for incentive travel ▪ spas

Cultural Nuances
▪ environmentally sensitive - do not like overheating or over air conditioning, individual containers for butter, jams seem wasteful; prefer if hotel promotes use of fewer towels to conserve energy; non-glossy brochures; snowmobiling viewed as environmentally bad by some
▪ entertainment/interpretation if travel between two destinations is long – they are used to shorter distances and so become restless
▪ group travel prefers all-inclusive pricing including breakfasts, entrance fees, tips for drivers, and guide
▪ prefer full and hearty breakfast, not continental
▪ want German-only guided tours – not bilingual English/German
▪ like accommodation where they can open the window
▪ historical sites in Canada are not considered historical in their minds, as their own history is much longer
▪ prefer downtown locations for city stays as they like to walk to experience the city first hand
▪ conscious of security and want to be informed of safety measure and precautions they should take.
▪ like a variety of quality food on a group tour, and variety of wines and beers.

Germany
Travel Trade Focus

- Major travel trade partners include:
    - DER Tour, FTI, TUI, LTU, Canusa, CRD
- German-based wholesalers tend to work through receptive operators for mainstream products. Those selling specialty products such as fishing and golf go direct to suppliers. Good potential for specialty operators - adventure, wilderness, authentic Aboriginal experiences

The one thing I look for from a tourism supplier I have not worked with before is...

"....honesty. I realize 'things happen and sometimes are unavoidable that affect my clients, but if a supplier is honest with me and does everything to mitigate the problems, then I feel we have developed a relationship that can weather the storm .

Janice Ketchen
CANTOURS, Inc.

France

Who are they?	*What are they looking for?*
▪ Affluent, well-educated ▪ Primarily from major urban centers, with some shift to increased demand from rural areas ▪ Increased demand from younger travellers and retired travellers ▪ 80% visit Canada between May and October ▪ 40% travel with children ▪ More than 70% plan and book through travel agents ▪ In-market purchase for VFR – buy from CAA/AAA.	▪ soft adventure – canoeing, fishing , cycling ▪ culture ▪ shopping ▪ good value ▪ fly drive ▪ outdoors i.e.) national and provincial parks ▪ English language schools, combined with summer camp ▪ Range of accommodation including farmstays, country inns ▪ FIT & Group

Cultural Nuances

- Looking for the 'special touch' or something extra such as custom meal served in museum, typical Canadian meal served outdoors in creative setting, city tour combined with out-of-city soft adventure.
- Want a friendly welcome
- Expect all elements of the trip to be well-organized
- Willing to try new things
- Like breakfast included in hotel stays
- Prefer downtown locations for city stays as they like to walk to experience the city first hand
- Conscious of security and want to be informed of safety measure and precautions they should take.
- Entertainment/interpretation if travel between two destinations is long – they are used to shorter distances and so become restless
- Like to sample local cuisines and wines

France
Travel Trade Focus

- Major Buyers of Canadian Product:
  Vacance Airtransat, Nouvelles Frontiers, Look Voyage, Hotelplan
- France-based wholesalers tend to work through receptive operators for mainstream products. Those selling specialty products such as fishing and golf may go direct to suppliers.
- Tour guides must speak French.
- More sensitive to lack of follow-up than other European cultures – be prompt!
- Payments may be less timely, but the French believe that once a relationship is established there is a level of trust.
- Communicate in French.
- Some French tour operators may demand exclusivity

The best thing about selling through travel trade is...

"*....expanding your client base and potential connections to other programs and services offered and potential donor database increases if you are a charitable or a not-for profit organization.*"

Rob Heming
Wye Marsh

4.5 Asia

Japan is currently the largest Asian market for Ontario. In Japan the hierarchy of travel trade is very defined and must be respected by all partners.

Visitors from Japan typically want to have full itineraries every day in order to maximize the time they have in Canada. Some other general characteristics include:

- Concerned about security;
- Timeliness is critical;
- Very high use of travel agents to book trips; and
- Canada is viewed as a destination for nature and scenic attractions.

Many Japanese visitors to Ontario are on a multi-destination trip. Ontario may be only a few days of a two-week trip across the country. The food you serve and the nature of the experiences will be influenced by whether Ontario is at the beginning of the trip or closer to the end. While travellers from Japan are more adventurous at the beginning of a trip, they seek foods that they are familiar with as the trip lengthens. So, if your restaurant is at the beginning of the trip, you may be able to serve local cuisine. At the end of the trip, the menu should have more Asian-based dishes. Be aware as well, that entry to North America may be through Vancouver or New York City.

- Major Japanese wholesale companies such as JTB, Nippon Express and Kintetsu have offices on both Toronto and Vancouver.

Japan

Who are they?	*What are they looking for?*
By age: ▪ "Middle Aged" - men/women from 45 to 59 years ▪ "Silver Age" – retired and financially secure ▪ "Office Ladies: young, single women ▪ Students – seeking an ESL experience. There has been significant decreases in conbination business/leisure trips and therefore, less men are traveling. Women make up 58% of the long haul market. *By type of trip to Canada* ▪ package tour 57.3% ▪ organized group-5.1% ▪ individual –28.2% ▪ VFR-7.3% *Repeat visitation to Canada* ▪ first time visitors 61.5% ▪ second time visitors 13.7% ▪ more than three times 12.8% *Length of total trip:* 4 days 19.8% 7days 37.5%, 14 days 33.3% *Buying Patterns:* ▪ travel agent: 46.2%, ▪ mail order/telephone to travel agency-23.2%, ▪ airlines-5.1%, ▪ internet-1.4% ▪ others-9.3%	▪ interested in trying something 'new' ▪ interested in interacting with Canadian culture ▪ very soft adventure - i.e. walking ▪ nature and scenic attractions – 90.2% ▪ shopping-40.2%, ▪ gourmet sampling-14.6%, ▪ art galleries – 13.4%, ▪ historic & cultural attractions - 22.0% ▪ rest & relaxation – 11%, ▪ golf-8.5%, ▪ other sports-1.2%, ○ hiking-7.3%, ○ fishing-2.4%, ○ ski-4.9% ○ cycling ▪ gardens ▪ learning ▪ fall colours/maple products ▪ language schools ▪ lakeside resorts

Cultural Nuances

- want to see and do as much as they can in both summer and winter months and therefore, have very full itineraries
- very sensitive to changes in both timing and product; timeliness/punctuality are critical.
- each traveller expects to get exactly what is shown in the brochure - green kayaks; room with a particular view, etc.
- concerned about language barriers - need Japanese speaking escort/on-step-on guide for middle aged/ elderly group tour
- concerned about security
- typically want rooms with two beds
- willing to try some Canadian foods, but none that are too spicy, too heavy or too gamey
- used to smaller food portions than North Americans.
- seek the 3 S's - safety; scenery; shopping
- Canada is known for it nature and open spaces, but not many off the beaten track experiences.
- service standards in Japan are very high and they expect the same when they travel.

Travel Trade Focus - Japan

- Decision-making in Japan tends to be a long process and is clearly defined by a hierarchy. You must, therefore, invest in the long term to be successful. This investment will pay off if you can offer a product suitable for the Japanese market. Once your Japanese partners recognize that you are sincere and committed to long-term development of the Japanese market and they will know that they can profit from your services, they will invest in a relationship with you.
- Establish a good business relationship with Japanese receptive tour operators based in Ontario or Vancouver. Visit a Toronto office at least twice a year. Do not bypass a Toronto office to go directly to Vancouver or Japan.
- Do not expect to sign any agreements or business contracts on your first approach to a Japanese travel agency.
- The ability to communicate in Japanese is desirable.
- Be aware of the consumer protection laws – package wholesaler cannot change the content (i.e. hotels, tour route, attractions) of the packaged tour products unless there is a suitable reason (i.e. natural disaster, airline strike, etc). If there is a change for no reason, there must be compensation for that change. The Ontario receptive operator needs to be aware of any changes (pool not open, restaurant undergoing renovations) and what alternative is.
- If your experience is weather dependent, you must provide trade partners with alternatives so that the consumer can make an informed choice.
- Trade partners are actively seeking new ideas to distinguish Canada and Ontario from other destination and to build demand for repeat business.
- When communicating with partners in Japan by email, be aware that the capacity to download graphics from an email is limited; therefore simple text is best for email; ability to access internet is faster so refer them to a web site for downloadable pictures, maps etc.
- Trade partners expect a response within 24 hours, even if you are not able to assist them or to let them know you have received the request and will get back to them within the day; they do however, appreciate you providing them with alternative dates/partners.
- Depend on local DMOs extensively, therefore, ensure that you are a member and actively involved.

Collateral

- Brochures, tariff, sample itinerary –preferable in Japanese
- Maps, photos –showing location and characteristic of products in print, slide and digital
- Video – showing operational aspect
- Company history – business history, staff, information on facilities

Major Wholesalers/Tour Operators offering Canadian product in Japan

- JTB/ JTB Canada - The largest tour operator, package tour, group, FIT, incentive; offices in Vancouver and Toronto
- Nippon Express/NEC Canada – package tour, group; offices in Vancouver and Toronto
- Nippon Travel Agency/NTA Canada – package tour, group; offices in Vancouver and Toronto
- KNT/Kintetsu International Express Canada – direct sales, package tour group, FIT, incentive tour; offices in Vancouver and Toronto
- JAL Pak/PTS package tour wholesaler, Vancouver
- Play Guide Tour – package tour, FIT, Vancouver

Canadian Receptives:

- Maple Fun – direct sales, package tour
- Canadian CoCo – FIT/package

Section Five

The Technical Side of Trade

5

The Technical Side of Trade

For many suppliers, the 'technical' side of selling through travel trade creates challenges and barriers. This section presents some insight into the expectations of the trade on the following technical aspects of selling through the trade:

- The Financial Side – pricing, net rates and common practices;
- Yield Management;
- Blocking;
- Trade Shows; and
- In-house trade policies.

5.1 Pricing and Payments

The travel trade can be an effective sales and distribution channel for your business because they represent a variety of national and international markets and will sell on your behalf. For this reason, it's important to recognize that their commission structure covers the cost of their sales efforts that you as a supplier will not have to incur.

You (the supplier) must make a commitment as a part of your everyday business practice to demonstrate a willingness to negotiate some or all the following with your trade customers:

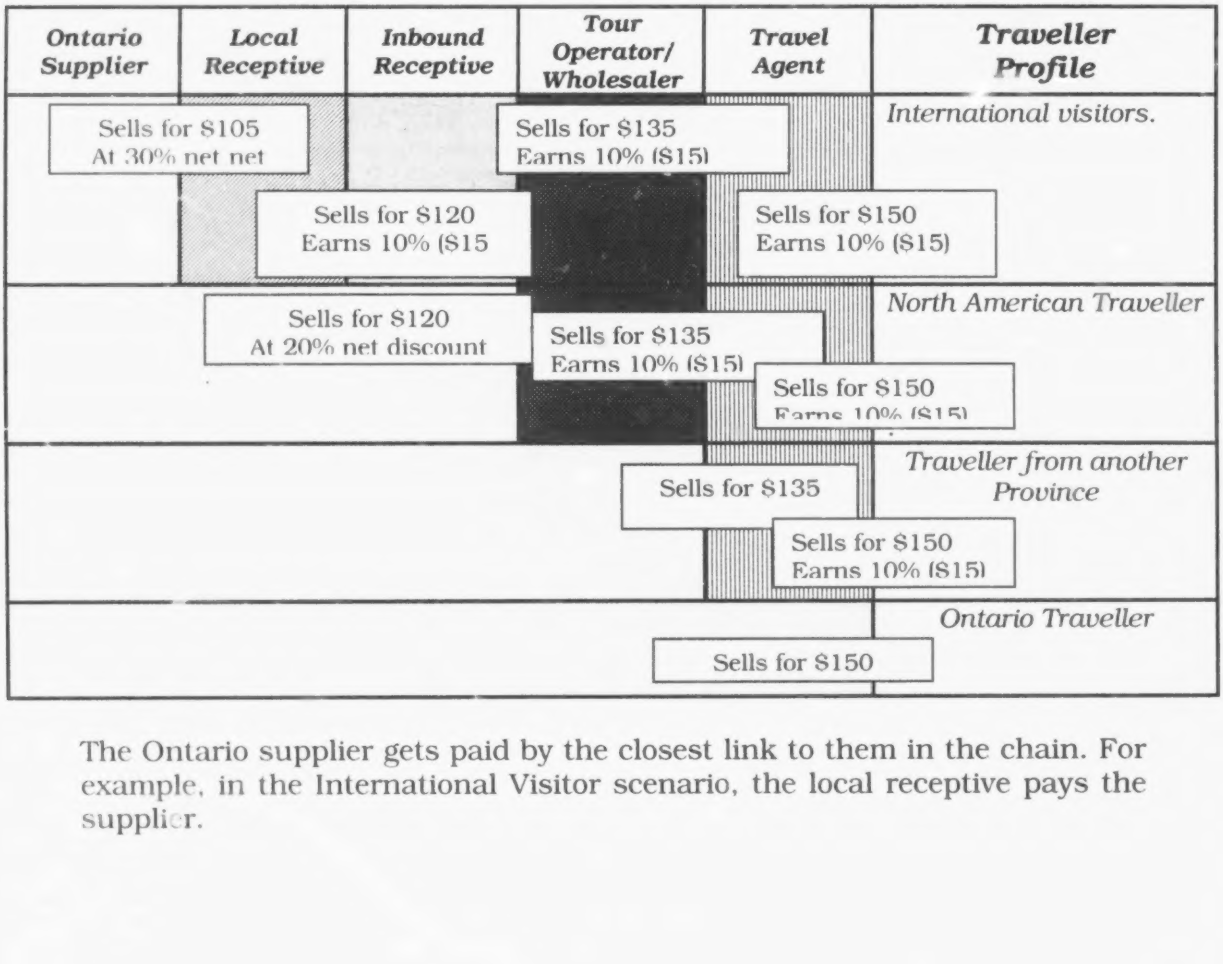
- commissions and/or net rates;
- an allotment of complimentary space/tickets based upon negotiated volume;
- willingness to accept vouchers; and
- net price forecasting 12-18 months in advance.

Commission and Net Rates

Commissions and net rates are different names for the same concept – acknowledgment that travel trade is working for you and in turn you provide a price point, which is attractive to them. The most important thing to remember when developing price points for the Travel Trade is that the ultimate selling price must remain competitive. You must establish a net rate which is profitable to you and which also provides the trade a selling price to the consumer that is less than or equal to the price they would pay if they booked the trip on their own. Since there can be a number of trade suppliers involved before the product actually gets to the consumer, the discount (or net rate) must be sufficient enough to provide room for a profit margin for each supplier in the distribution channel. Ultimately, you as a supplier only need be concerned about extending a discount to the first trade customer in the chain; that trade customer may choose to resell your product at their discretion.

Commission is how the seller gets paid – by taking the agreed to commission rate off the price sold to the traveller. Net rates, net/net rates and discounts are prices that you sell your product to the travel trade partner for. For operations with a low ticket price, it may be easier to offer the net rate, as it creates operational challenges to collect, for example the $1 commission on a $5 entry ticket.

The chart below shows some typical travel trade distribution networks. The supplier must provide the trade (the first link after the supplier) with enough of a discount to allow each link to generate a profit margin. Note that the consumer sees the same price in all scenarios.


Ontario Supplier
Local Receptive
Inbound Receptive
Tour Operator/ Wholesaler
Travel Agent
Traveller Profile
Sells for $105 At 30% net net
Sells for $135 Earns 10% ($15)
International visitors.
Sells for $120 Earns 10% ($15
Sells for $150 Earns 10% ($15)
North American Traveller
Sells for $120 At 20% net discount
Sells for $135 Earns 10% ($15)
Sells for $150 Earns 10% ($15)
Traveller from another Province
Sells for $135
Sells for $150 Earns 10% ($15)
Ontario Traveller
Sells for $150

The Ontario supplier gets paid by the closest link to them in the chain. For example, in the International Visitor scenario, the local receptive pays the supplier.

5.1.1 Common Travel Trade Pricing Terms and Practices

Guaranteed rates	A price that remains valid throughout the applicable selling period. Rates must be established and presented to the trade at least 6-12 months in advance. The reason for this is that collateral materials (brochures) must be produced, distributed and used well in advance of the actual travel period.
Special rates	'Special rates' include volume discounts for high-producing clients and/or incentives for off-season travel.
All inclusive pricing	Trade customers selling domestically (within Canada) will usually require that your pricing includes taxes and gratuities. However, trade customers who are selling internationally (inbound to Canada) will typically ask that taxes be broken out as a separate line item within the price structure. The reason for this is that the trade customer may (or may not) pass on the international traveller GST rebate to the consumer.
Vouchers	A voucher system can be used in place of cash when dealing with outside suppliers. When the consumer has paid in full to a tour operator prior to arrival, they receive one or more vouchers that can be redeemed for individual services during the course of their trip. These services could include accommodation, meals, transfers and transportation. Each supplier collects the vouchers upon arrival and delivers the service. When a voucher is accepted, the supplier invoices the tour operator according to a prearranged payment schedule. The voucher is essentially treated as cash, because the guest has prepaid for the services that are represented on the voucher. The individual supplier is then paid by the tour operator based on a method agreed to in advance and outlined below.

> ***One word of advice...***
>
> *"....keep the travel trade net rate private and respect customer relationships. For example, if a client booked through trade do not solicit directly for the next time.*
>
> Jim Diebel
> Hanover Tours

Invoicing & Vouchers

There are different methods of receiving payment for vouchers. While there is no 'best way', you must establish a method that both you and the trade will agree upon in advance.

1. Invoice tour operator as each guest consumes your service.
2. A floating deposit where the tour operator provides the supplier with an agreed upon deposit that is drawn upon as services are consumed.
3. A direct deposit where a reconciliation of the vouchers is forwarded to the tour operator who then authorizes a direct deposit of funds into the supplier's account.

Volume Discounts

There are two types of volume discounts to consider.

Total volume delivered by trade partner
Some suppliers will add an incentive for their trade partners by providing a higher discount or lower net rate, which is based on a predetermined number of units sold in a year or other time period.

By size of group
Be prepared to offer the trade different levels of discounts for different sizes of groups. For example: 1-10; 20-45; and 45+. By establishing and publishing guidelines for the next season trade can easily determine their own costing instead of returning to you for new or revised quotes for each group size. In many cases, your cost per visitor decreases as the number in the group increases as fixed costs such as transportation or a guide are spread over more people. You can pass some of these savings on to the trade as an investment in a long-term relationship.

Final Payments

Most tourism suppliers require a deposit upon booking and the final payment due before or shortly after departure. Following is a guideline by sector that can help you develop your own final payment policies. Note that these are general terms and can vary depending upon the length of your relationship and trade customer's credit history.

Industry Norms for Final Payments	
Sector	**Final Payment Due to Supplier**
Food & Beverage	Before arrival or upon departure
Accommodation	Within 30 days of departure
Transportation	Within 30 days of departure
Culture, Heritage & Attractions	Before arrival
Retail	Not Applicable, except where volume commissions apply

Remember:

- The visitor never sees the price the supplier provides to trade, as the visitor sees one package price (which includes your product as one portion of the package). The voucher they receive for your product does not show a price.
- Selling through trade is low risk for you. You only receive the net price if the unit (room, admission, theatre seat) is sold.
- Selling through the trade has financial implications beyond the sale of the unit.
    - ✔ your marketing and selling costs are reduced since the trade is marketing on your behalf
    - ✔ the more units that are sold reduce the per unit allocation for overhead, resulting in higher profit per unit sold
    - ✔ frees up management time dedicated to marketing that can be used to focus on other, higher yield and niche markets
    - ✔ you may have the opportunity to generate revenue from more than just the discounted unit – meals on site, gift store, day trip from site.

When first starting with travel trade...

"....don't package your products into one price, including taxes and gratuities. I need to have the price of every component separated out so that I can cost my program properly. I appreciate suggestions for ideas and other suppliers in the area, but don t create a one-price package for these ideas. Let me, as the tour planner set up the program with other suppliers directly.

Elaine Kennedy
Northern Trails Tours

Note: This is one suppliers' perspective -- some trade partners will want an all-inclusive price.

5.2 Yield Management

Many service industry segments practice 'yield management' to one degree or another. Modern yield management procedures were originally developed by the airline industry in order to maximize the revenue, or average rate/seat sold of their inventory. It is based on a series of complex mathematical processes that look at previous booking history and external influences and then develop capacity probabilities into the future in order to get the highest rate per person.

The common characteristics of a yield/revenue management problem are:

- Perishable inventory (once the date is past, the empty seat cannot be sold again).
- Relatively fixed capacity (theatre seats, bedrooms, motorcoach seats)
- High fixed costs; low variable costs.
- Advance reservations taken.
- Time-variable demand with appropriate cost and pricing structures.
- Segmentable markets.[1]

Yield management can be defined as:
"A method using price as a means of matching capacity with demand. The goal of yield management is to optimize the yield or contributed margin".[2] or

"Strategies, typically based upon mathematical modeling, that are designed to maximize the revenue from the sale of capacity."[3]

A simple example of yield management follows:

A customer calls a hotel reservations office requesting a low-value room for next Saturday through Tuesday. The question is: do you take the reservation or not? If it was the last single room available for that period, you may not want to accept the reservation if you knew that there was a likelihood that you would probably sell that room at a higher rate to a walk-in customer.

Similarly, you may know that there was a likelihood that another booking will be received for a longer stay and therefore will deliver higher revenue, even though you may book the room at a lower rate. In other words, a lower rate for a longer stay represents greater revenue potential than the higher rate customer who books for a shorter period of time as illustrated below.

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[1] Yield/Revenue Management software and Resources for Hotels (check website)
[2] Glossary of Tourism Marketing Terms, Page 781
[3] Managing Waiting Lines and Reservations, Page 319

Scenario		Total Room Revenue for seven nights	Revenue yield per night*
A	Saturday to Tuesday at low rate, $70/night for 3 nights	$210	$30
B	Sell room to walk in for 2 nights at $80/night	$160	$22.85
C	Sell room for $62 for 6 nights	$372	$53

* assumes that room is not sold at any rate for the other nights

How can you predict whether it is appropriate to accept or decline the reservation? In the service industry, these are common questions that arise every day. The question for the individual tourism operator is: "How can I maximize the revenue potential of my business?".

Most small to medium sized operators do not have the expertise, time or resources to use a formal yield management strategy. Many operators simply use their experience and develop policies to deal with these situations and get by with this intuitive approach. A more common tactic is to analyze booking information that has been collected over a period of time and use that information to develop benchmarks that can be used for comparison to current and future levels of business. Finally, for operators who use reservations software, many of these packages integrate a yield management component into the software that will predict future business.

Implementing a yield management plan can not only help to maximize revenue potential; it can also be a tool to help manage cashflow by reliably predicting the normal peaks and valleys that occur throughout the year. By understanding the flow of business, it is possible to smooth out the peaks and valleys by reducing rates and developing promotions for the slow periods. Similarly, when business is expected to be brisk, rates can rise and promotion can be reduced. For example:

- Higher weekend /lower weekday rates – used by hotels, theatres, car rental agencies etc.
- Incentive for advance booking during the slower business period.
- Higher (or lower) rates over the Christmas holiday period.

The most common yield management tool is "blocking" and selling through the travel trade.

5.3 Blocking - What is it and how does it work?

In most cases, when doing business with the travel trade you will need to hold or block space at a certain price to accommodate their business. This is particularly true for motorcoach business, and less so with custom operators. By blocking space, you are introducing an element of yield management.

Blocking can be defined as *an agreement by the service provider to' hold' or 'block' space or services for the express use of a group of customers.* Blocking is typically a part of a contractual agreement and normally involves the exchange of funds in advance in the form of a deposit. Blocking constitutes a commitment on the part of all parties concerned that the related space or services will be consumed or used at the appointed time and date.

It should be noted that sometimes an operator will extend a special degree of attention or service based upon the notion that a regular trade customer can often derive benefits simply by virtue of being a customer in good standing who understands their suppliers (your) needs. The best example of this *"If you give me business during the quiet times, I will make prime space available during peak times."*

The travel trade will have differing requirements for space, depending upon the sector that is involved. In addition, there are certain added-value elements that may be requested. Alternatively, you may wish to build some of these benefits into your travel trade marketing program.

Accommodation

Travel Trade customers may request:

- A specific number of rooms on hold.
- Specific views or floors.
- Quality of room (i.e.: deluxe suites, etc)

Added value you can offer:

- Free rooms for escorts.
- Rebates (override) on volume. These can occur on a monthly, quarterly, annual basis. Rebates are generally recognized in the form of complimentary rooms or a reduction from published rates.
- Guaranteed pricing. This is a form of price protection from seasonal or circumstantial price increases (rising heating costs, food

shortages, special events) that may be extended to regular or large customers.

- Agreed upon check-in/check-out times and areas.
- Baggage handling included in the room rate.
- Certain amenities may be included in the room rate, such as free in-room movies or newspaper delivery.

Upsells to offer:

- meals, free car parking for Independent Travellers
- special reception or check-in areas for group travel;
- free bus parking

Other inclusions can include things like theatre tickets, golf, health club, retail coupons, "kids-eat-free".

Food & Beverage

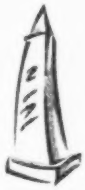
In general, there is a symbiotic relationship between the supplier and the travel trade – in this case the food and beverage outlet. The trade customer wants to provide the best experience and value possible for their clients and you as a supplier want to maximize the number of table turns and fill up normally unused capacity. With this in mind, here are some benefits that can be included in your negotiations with the trade if you are a food and beverage operator:

- Space, private rooms or tables on hold for the exclusive use of the group.
- Specific views/tables in a segregated or desirable part of the dining area.
- Specific menu (relates to price).
- Special menu availability (ie: vegetarian, ethnic, kosher)
- Specific or special seating times.

There are ways that you may be able to improve your rate by understanding the needs of your trade customer. For example, you may know that your customer is flexible on mealtimes so you may wish to offer a better rate by asking the group to arrive before or after the regular meal rush -- just before or after lunch (11:30AM or 1:30PM) or dinner (5:00PM or after 8:00PM).

> ***When first starting with travel trade...***
> *"....plan to invest substantially in development, marketing and relationship-building."*
> Jeff Mills

Culture, Heritage and Attractions



Attractions and cultural activities are high on the list of activities the travel trade is looking for, however, it is extremely important that their needs are fulfilled beyond their expectations. Trade customers seeking a culture, heritage or attraction experience may ask for:

- Special arrivals/departure area
- Separate or dedicated gathering point within the facility.
- Some sort of added value or souvenir upon arrival or departure.
- Special 'line-up bypass' gate for individual attractions.
- Special opening hours.
- Special rate for "twilight hours" (when you may normally be closed or business may be slow) ie: "1/2 price after 4:00 PM".
- Complimentary escort (and possibly driver) admission
- Discount for groups 10+ (some may be 15+ or 20+)
- A preferred ticket service charge that represents a savings over the individual ticket charge.
- Co-op advertising opportunities or funds.
- Combination meal/admission packages are popular within this segment.

Retail

The retail sector is realizing that there is a potentially lucrative market available through the travel trade. Historically, the travel trade tended to limit retail excursions to rural and heritage tours or to traditional, established shopping areas within urban centers. In recent years however, more and more operators are linking with specific retail outlets or high quality shopping areas that are able to deliver added-value benefits to the trade.

For example:

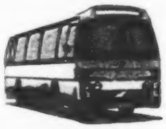
- A private shopping experience in a closed retail environment.
- A guided tour of the manufacturer's or other 'behind the scenes opportunities to watch artists/craftspeople at work..
- Complimentary bus or customer parking.
- A central gathering point for the group.
- "Free" added value items or souvenirs for the group.
- Complimentary gift wrapping
- A rebate back to the operator based upon volume over a period of time (quarterly, annually)*

* While not a common practice, some retail outlets have started to offer a rebate program to the trade in which they will give back a percentage of sales that are derived from the customers that the operator delivers to their door.

Transportation

Transportation, like other sectors of the tourism industry, will be seeking considerations in exchange for booking a block of business.

- Style/quality of coach/van/RV/snowmobile/boat etc.
- Pricing based on volume (number of units rented)
- Volume rebates for total number of trips/seats/uses booked within a pre-determined period.



Demand for motorcoaches, vans, rental cars and RVs match overall tourism demand in Ontario and is, therefore a highly seasonal business. An owner of a fleet of vehicles can manage yield through pricing – incentives for use in off-peak seasons and higher rates in peak season.

Release Periods

Following are some general deposit and release period guidelines by sector that are currently the norm. The "release period" is a date that both parties agree to for release of the blocked inventory for sale to the general public or other parties if not sold.

Sector	**Deposit?**	**Final Release Period**
Accommodation	Yes – on booking	30-60 days prior to stay
F & B	Yes – on booking	Varies widely
Culture, Heritage & Attractions	Yes – on booking	Normally 30-90 days prior to event
Retail	No	Generally not applicable
Transportation	Yes – on booking	30 to 10 days prior to trip

Be aware that it is common practice for travel trade to overbook or ask you to save more space than they may typically be able to sell and then turn back any unsold inventory when the final payment becomes due. This has obvious implications since you have blocked space for this travel trade customer. Overbooked numbers can run as high as 20%, so, after the final payment is due and travel trade has released unsold inventory/held space, you will now have additional space/inventory available to sell.

5.4 Trade Shows

There are generally two types of trade shows: Consumer Shows and Trade Only Marketplaces. Each type of show can play a role in helping to develop new business for your operation.

5.4.1 Consumer Shows

> *For Example...*The Sportsman Show, Travel & Leisure Show, Eco and Adventure Travel Show.

These shows offer admission to anyone with the time and money to attend. Booth space is marketed and sold by the organizer and space tends to be relatively inexpensive. They offer a presumably targeted audience of end-user consumers. Very few trade customers attend as buyers as noted above. These shows tend to be multiple-day affairs and can push through thousands of people over the course of a few days or a week; however, they don't always deliver a pre-qualified set of buyers in the same manner as a trade only show.

Some operators do quite well at consumer shows, so it really comes down to the type of show and the type of offer(s) you have. For example, a Fishing Lodge could do extremely well at a Sport/Fishing consumer show; however, they may also get a lot of 'tire-kickers'. Again, most of the business leads will be end-user consumers.

5.4.2 Trade only Marketplaces

These shows are open only to travel trade and are typically structured in one of two ways:

1. prescheduled appointments with buyer/seller matching
2. a "free-flow" concept with no set agenda

The shows can run between one to four days in length.

Participants pay a fee to have a presence at these shows, typically in the form of a booth or a table. Invited guests are members of the trade and they are there specifically to source out new attractions and activities for their group and IT customers. These shows are an efficient means of meeting new suppliers and developing new contacts within the industry.

Government tourism offices often offer subsidies for suppliers to attend these shows, and many times they are also the organizers. Not all shows are worth attending; it's important to carefully consider the specific target audience for each show. This information is available from the show organizer. It's also a good idea to speak to industry colleagues who may have attended in the past to get the benefit of their opinion and experience at the show.

- Use trade shows to assess the competition as well as potential partners for packaging.
- Take enough sales materials with you and be willing and able to make decisions on the spot, although many buyers don't want to carry paperwork away with them.
- Follow up with thank you letters. Many exhibitors get an advance copy of the attendees list and call or write ahead to schedule appointments at the show. There are more details about this below.
- Have a realistic set of expectations. You may not write any business as a result of one effort at one trade marketplace; however, once you've committed to attend and develop travel trade business, results will come over time.

The most important thing to remember is: *become a student of the game*: learn as much about your customer as you would like them to learn about you.

Free Flow Marketplaces

For example... AAA Marketplaces

In general, many of the practices outlined for the Pre-scheduled Appointment shows are the same. It should be noted though that the Free Flow format is not a common format and cannot by its design offer the same type of pre-qualified buyers that Prescheduled Appointment shows can offer. They are inherently less targeted and while they do provide suppliers with the opportunity to spend more time with interested buyers, this does not necessarily translate into business.

Prescheduled Appointments With Buyer/Seller Matching

*For example...*Ontario/Quebec Marketplace; Rendezvous Canada

This type of show occurs in a much more controlled environment and tends to be a more efficient format because buyers and sellers are essentially matched before arriving. Buyers can visit suppliers that interest them and suppliers can research, identify and pre-sell potential buyers before the show even begins. Tips to maximize your investment in attending a trade show attendance are outlined below.

Before The Show:

✔ Provide the organizers with a detailed profile of your company and your individual offer(s). This could include 'tombstone information' about the company, unique features, pricing, capacity information, etc. Note that pricing should be for the upcoming season ie: if the show occurs in May 2001, pricing would be for the following year: 2002.

✔ Review the package forwarded by the show organizers, which contain profiles of the buyer/delegates along with an *Appointment Request Form.* List potential matches with your product offering and rank in order of sales potential.

✔ For the short list you have assembled, research each delegate's company, paying particular attention to:

- how they buy
- when they buy
- who does the buying
- why they buy
- what they buy

✔ Return the Appointment Request Form to the organizer, who will match buyers and sellers and send appointment confirmations to all exhibitors.

✔ Once the appointment confirmation is received, forward a letter of introduction and a brochure to the delegates(s). In this way, your meeting time (which is limited) at the show is more productive. As well, you will be dealing with a more informed buyer. In general, buyers try to review any material they receive in advance because their job is to develop new product for their customers! They want to know more about you!

✔ Consider the cultural background of each buyer. If it differs from your own, or you have never dealt with someone from a particular background, you must have a basic understanding of any cultural differences that could affect your approach. For example, Japanese buyers have a formal protocol surrounding the presentation of business cards.

During The Show:

✔ During each appointment, take detailed notes of the conversation and maintain a customer-based focus. Draw out as much information as possible to identify their needs before delivering your offer.

✔ If possible, the ideal situation is to have two people staffing your booth. One person deals with the scheduled appointments. The other person is free to meet other delegates who may not be on your appointment schedule. The best place for this person to be is in the common areas of the marketplace; in fact, one of the best spots is in the trade show lounge area. This approach facilitates informal contact and discussion that can be followed up upon your return.

✔ Go out of your way at all times to meet prospective clients. During social functions, there is a tendency by many exhibitors to 'bunch up' together. Avoid doing this! Your job is to make contact with buyers, not other sellers. NOTE: Typically, buyers have different coloured nametags, so they are easy to spot!

After The Show:

✔ Based on the detailed notes from each appointment, send a letter to each buyer that summarizes your discussion and opens a dialogue with the potential client.

5.4.3 *A Typical Trade Show Strategy for an Individual Supplier*

Trade shows for 2001 and 2002, where available, are listed on the following pages for information purposes and to demonstrate typical timing and the range of shows available. Refer to the OTMP annual marketing plan, www.travelpartners.com or individual web sites for the most current information. Travel Trade partners that you are working with may represent you at some of these shows. Some are designed for individual suppliers to showcase your product. Some will not be appropriate for an individual supplier, however, it is important that you understand the range and extensive reach of trade shows. Keep in mind that in some cases, an individual tourism supplier should not be at the same show as your travel trade partner that is working on your behalf - you may be doubling your costs and taking business away from your trade partner. In other situations, it is to your advantage for both of you to be at the same trade show -- you establish personal contact with the customer then direct the person to book through your trade partner. This is a win-win situation for both you and your trade partner.

A checklist is presented below for you to consider as you build your trade show strategy.

- ☐ Are your trade partners there, selling your business? If so, determine if it is best left to them or if there is an advantage in you attending the show to support their activities.
- ☐ Does the trade show attract partners that serve the visitors you are targeting? For example - if you are seeking group tours, are group tour operators present? FIT?
- ☐ Does the trade show attract buyers from the origin markets you are seeking?
- ☐ Is the trade show a good opportunity to introduce yourself to new trade partners?
- ☐ Are you willing to commit to being at the same trade show for at least three years so that trade will increase their confidence that you will still be in business and can deliver?

The most challenging thing about selling through travel trade was...

"...the amount of competition on the trade show floor. Your product has to be unique and packaged well to get them to come to do a site visit or bring a group to your property.

Byron Shantz
St. Jacobs Country

5.4.4 Criteria to attend OTMP-Sponsored Trade Shows

OTMP/Ministry of Tourism has a set of minimum criteria for sellers/suppliers to attend trade shows that they sponsor and/or host. Use the criteria for Prospect Ontario to determine if you are 'trade show ready'.

1. Organization must have been in business for a minimum of two years.
2. Organization must have a **saleable** tourism product that is in demand by the inbound tour operators attending the show (e.g. accommodation, attraction, transportation, restaurant, wilderness experience, soft outdoors etc.)
3. Organization must have a commission or wholesale/net rate rate structure of a minimum of 10% to 30%.
4. Organization must have published 2001/2002 winter rates and 2002 summer rates.
5. All products must be guaranteed available in 2001 and 2002.
6. One person attending must be a decision-maker.
7. Organization must make a commitment to the inbound operators and the overseas clients.
8. Organization must have a detailed Marketing Plan dedicated to the overseas markets and made available to OTMP/Ministry of Tourism upon request.
9. Organization must have adequate liability insurance.
10. Organization attending must have **head office** in Ontario.
11. Organization must have dedicated business telephone and facsimile lines.
12. Organization must agree to complete a confidential questionnaire following the show.

5.5 In-House Trade Policies

You should establish a clear set of guidelines for your operations on dealing with trade. Items that should be covered include:

- Commissions
- Use of contras (complimentary accommodation, meal, ticket, etc.)– if and when (not in peak season, for example), number per trade contact etc.
- FAMs – support of, involvement in etc.

A Summary of Travel Trade Shows

Note: Refer to www.tourismpartners.com and the current OTMP Marketing Plan for current trade show listings.

To Reach North American Buyers					
	Next Date/costs	***Format***	***Seller/Exhibitor Profile***	***Buyer Profile***	***Contact***
FIT Market:					
AAA Marketplaces and Spotlight Canada	Fall 2001 series to include: Minneapolis, MN; Milwaukee, WI; Madison, WI Southern New England 6 shows for $1,850 U.S. 3 shows for $925 US one show: $325 US	Free-flow marketplaces	DMOs; individual Ontario suppliers	AAA member service reps, travel agents, group tour department. FIT; range of product; product must be commissionable and sold through 1 contact	OTMP: Sandra Rice: 519 873 4487 sandra.rice@omt.gov.on.ca
Group Market:					
Ontario Motorcoach Association (OMCA)	Oct 28-31,2001 Niagara Falls Oct 27-30, 2002 Niagara Falls 2003 – TBD; Toronto	7 minute appointments	DMOs, attractions and hotels	Motorcoach tour operators selling Ontario products	Member show www.omca.com 416 229 6622
American Bus Association	February 3-8, 2002 Kissimmee, Florida	appointments	DMOs, attractions and hotels	Group tour operators; Smaller than NTA	Member show www.bus.org
Heartland Showcase	Feb 21-24,2002 Buffalo NY Feb 13-16, 2003 Chicago	appointments	DMOs, attractions and hotels	Regional motorcoach tour operators in key US markets	Sponsored by the Ohio Travel Association www.ohiotravel.org
National Tour Association	November 9-14, 2001 Houston, Texas **Toronto hosts 2004**	7-minute appointments	DMOs, attractions and hotels	U.S based group tour operators	Member show www.ntaonline.com
Marketplaces, shows and member to member events hosted by area DMO					

To Reach International Buyers - Ontario-based shows

	Next Date/costs	Format	Seller/Exhibitor Profile	Buyer Profile	Contact
Ontario/Quebec Marketplace	September 30 to October 2, 2002 – Huntsville area	Timed 7 minute appointments	DMOs. Ontario suppliers	An OTMP show, very personalized with good attendance from buyers and media from Europe and Asia.	416 314 7572 paulette.clarke@omt.gov.on.ca
Prospect Ontario	January 27-29, 2002 Ottawa $900 first delegate; $300 second delegate	Timed appointments	By invitation. Suppliers who have saleable product in demand by in-bound operators.	N.A. in-bound receptive tour operators who work with tour operators in overseas markets.	OTMP Trade Show Coordinator 416 314 7572 paulette.clarke@omt.gov.on.ca
New, Unique and Different	Under review; likely with Prospect Ontario February 2002 $300 for first delegate; $50 for second delegate.	Format under review	New companies that started up in previous 2 years. Criteria: in business minimum of 2 years; rate structure with minimum of 10%-30% net	In-bound tour operators serving overseas visitors	OTMP Trade Show Coordinator 416 314 7572 paulette.clarke@omt.gov.on.ca
Rendez-vous Canada (RVC)	May 12-16, 2001; Toronto, Ontario $2,300 2002: Halifax 2003: Vancouver 2004: Montreal	In 2000: ▪ 28,000 scheduled appointments	In 2000: ▪ 862 Canadian sellers; 504 selling organizations Excellent show, difficult to get into as a supplier (due to space)	In 2000, 352 international buyers from 26 countries. Highest representation from UK (35), US (31) Japan (19) and Germany (17)	Tourism Industry Association of Canada (TIAC) 613 238 3883 info@tiac.ca OTMP: Paulette Clarke

To Reach International Buyers - shows held overseas					
	Next Date/costs	***Format***	***Seller/Exhibitor Profile***	***Buyer Profile***	***Contact***
KANATA 2001	October 2001 Tokyo & Osaka, Japan; $5,000	Timed appointments	Canadian sellers	Japanese tour operators	Organized by CTC; contact is OTMP
World Travel Market (WTM)	November 2001/2002; London, England; approx. $4,000	Free flow	Great show to make contacts in the global industry; only good if already are doing business in the international marketplace.	Global buyer attendance with tour operators and media from 165 countries.	OTMP Trade Show Coordinator 416 314 7572 paulette.clarke@omt.gov.on.ca OTMP
BIT Milan	February, (TBA) 2001; Milan, Italy; $2,000	Timed appointments	Excellent show to be introduced into the Italian market.	Key Italian buyers attend with a two-day consumer element attached; media	OTMP Trade Show Coordinator 416 314 7572 paulette.clarke@omt.gov.on.ca
Spotlight Canada	Feb. 26-28, 2001; London, England $2,500	Timed appointments	Excellent show for Canadian suppliers only; relationships can be easily built with key decision makers	Tour Operators from key UK, The Netherlands and Denmark	OTMP Trade Show Coordinator 416 314 7572 paulette.clarke@omt.gov.on.ca

To Reach International Buyers* - *shows held overseas* *(continued)					
ITB Berlin	March 10-14, 2001; Berlin, Germany; $5,000	Free Flow	Excellent show to build contacts. Smaller environment but with key decision makers attending.	Primarily German buyer attendance;	OTMP Trade Show Coordinator 416 314 7572 paulette.clarke@omt.gov.on.ca
European Incentive & Business Travel & Meetings Exhibition (EIBTM)	May 29-31, 2001; Geneva, Switzerland; $3,500	Timed appointments	Key global international incentive buyers attend, not just from the travel industry but also from large global corporations with in-house travel.	Excellent show for the Incentive travel market.	OTMP Trade Show Coordinator 416 314 7572 paulette.clarke@omt.gov.on.ca

Section Six

Strategies and More

6 Strategies and More

Once you have determined that it makes good business sense to pursue business with travel trade, you must now consider how to go about it. Some strategies for establishing yourself with travel trade are presented in this section, along with a review of other partners you can work with as you pursue trade. A discussion on the lifecycle of a relationship with travel trade is also included.

6.1 Stages of Your Relationship with Travel Trade

At each stage of your relationship, there are different considerations.

Getting Ready....

- *Build in commissions and net prices* in all products/packages.
- *Add the phrase* "call your travel agent to make a reservation" to all written material – this signals to the trade that your product is commissionable.
- *Join efforts of area DMO/Chamber/CVB or industry association*:
    - ✔ become part of a larger itinerary
    - ✔ tie into partnerships where your product could be included in a package
    - ✔ participate in a direct mail campaign;
    - ✔ develop your own database from leads you get from attending DMO coordinated marketplaces
    - ✔ participate and advertise in tour planners that benefit your location and product.
- *Build relationships with the 'forgotten sellers' and 'influencers'* discussed in more detail in the following pages.
- *Understand the market you are targeting*, understand *their* needs.
- *Commit for the long term* and to stay in the market for a minimum of three years. Within this time frame plan to participate in targeted marketplaces, FAM tours, advertising campaigns, and export ready packages.
- *Be prepared for a certain amount of rejection*...there are many like you who are trying to establish a relationship with trade. Trade also has established relationships with suppliers to consider.

Starting Out....

- *Be prepared* – do your research, know what the tour operator/travel agent is currently selling, what destinations, what products - how does your product match with their needs?
- *Understand the planning cycle for Travel Trade and work within it,* be prepared to provide solid confirmed rates for an operator that wants to do business with you.
- *Be flexible, and pay attention to detail.*
- *Gain experience dealing with the domestic trade* first (local receptives, travel agents, tour operators) before pursuing U.S. or international trade.
- *Start with a short tour/day trip* to test the relationship between yourself and your trade partner to determine your ability to deliver to trade and to work together.
- *Seek support and advice from OTMP Trade staff,* listed in the appendix, that have a clear understanding of the market in question and it's particular needs.
- *Approach local and inbound receptive operators* that work in your region. Ask other suppliers to introduce you to trade they deal with.
- *Seek other suppliers in the area who are already active with trade* and build in a component that you provide as part of someone else's package/itinerary. One of the supplier sectors acts as "consolidator", or someone who coordinates all or some of the components of a package and then offers an inclusive net rate package to the trade. While some tour operators will build their own packages, this will provide the tour operator with variety of content without having to make separate arrangements with two or more outside suppliers. For example:
    1. A resort operator may offer day trip excursions (including transportation, meal and an interpreter) to a destination such as Algonquin Park.
    2. An art gallery offers a package that includes admission, lunch and a visit to a sister attraction.
- *Associate yourself with reputable accommodation providers* who have extra space/capacity and are typically seeking business in partnership with trade. If you are in an area with a low inventory of accommodation, seek a partner in the closest center.
- *Submit articles and current information to trade publications* and *industry associations*, such as Canadian Travel Press, Travelweek, Travel Courier, and Canada Scope.

Maintaining the Relationship...

- *Invest in the relationship* – invite trade partners to visit your property on a complimentary basis and provide extras when you can. They must have first hand knowledge to sell your product with enthusiasm.
- *Keep pricing confidential* between supplier and trade operator. This includes pricing that is available via the Internet – visitors should not see trade price and trade should not have same price as direct sale price.
- *Keep your product exciting* by adding new components and promoting this in a trade newsletter - your own or one that your DMO might produce.
- *Be professional at all times.* When you make a promise to follow up with more information, follow up in a timely manner. If you don't- someone else will.
- *Respect the relationship* -- if you receive a direct booking from a consumer that you know came as a result of your work with a tour operator, take the booking, but remit the commission to the tour operator. This approach will go a long way towards fairness and establishing a positive reputation with your tour operator partners.
- *Let trade do their job* -- an individual operator should not be at the same trade show that a tour operator is at, selling your product on your behalf.
- *Make sure it is win-win at all times* - each party should be able to realize financial rewards.

6.1.1. The Role of FAMs

In all stages of your relationship with travel trade, FAMS or familiarization tours can play a critical role in establishing your operation. First hand knowledge and experience provides an opportunity for trade partners to determine, for themselves, how it might fit into a broader itinerary. Therefore, any support you can provide by providing complimentary or very low rates as part of a FAM trip, will motivate more visits by trade partners. Your approach to travel trade should include active, yet strategic involvement in FAMs.

6.2 Influencers

"Influencers" are tourism organizations that you are probably familiar with and may be a member of. These parties do not *sell* product, rather they market and promote product to Travel Trade on your behalf, as outlined below. Influencers can play a significant role in linking you and your product to appropriate and interested Travel Trade, particularly if you are new to travel trade or a particular long haul destination.

Influencer	**Typical Role**	***For the Ontario tourism supplier***
DMOs; CVBs; Chambers of Commerce; Departments of Economic Development *Such as Tourism Thunder Bay, Southern Ontario Tourism Organization, Muskoka Tourism etc.*	✔ Often the first point of contact for a receptive who is interested in a tour/product/package in a geographically defined region. ✔ May prepare annual Travel Trade Manual which is designed for and distributed to appropriate trade ✔ Attends trade to trade and trade to consumer shows on behalf of members. ✔ Organizes/hosts FAM tours. ✔ Typically maintain current database and profile of trade 'buyers' ✔ Provides sales leads. ✔ Most often involved in motorcoach travel; less involved in FIT.	✔ Retain annual membership ✔ Be active in group ✔ Host FAMs for staff on regular basis ✔ Keep informed of changes, new programs/ facilities and itineraries so that they can match what you can provide with someone who is looking for that experience.
Affiliated groups such as: Resorts Ontario Attractions Ontario Innkeepers of Ontario, NOTO	✔ Provides profile by product type. ✔ Attends trade to trade and trade to consumer shows on behalf of members. ✔ Provides sales leads	✔ Same as above.
Ontario Tourism Marketing Partnership (OTMP)	✔ Provides links to all origin markets through support of trade shows (Rendezvous, New, Unique and Different etc.) ✔ Creates awareness of Ontario as a destination in strategic marketing plan in many markets. ✔ Does not sell product, but represents Ontario product and works with tour operators, particularly in Joint Marketing Agreements.	✔ Refer often to www.tourismpartners.com for current marketing plan, partner opportunities and contacts.
Canadian Tourism Commission (CTC)	✔ Similar to OTMP but on national level.	✔ Refer to www.canadatourism.com

6.3 The "Forgotten Sellers"

In addition to *traditional* Travel Trade, there are a number of other sellers who focus on niche markets that you should be aware of and consider as outlined below. Many of these 'forgotten sellers' are in fact local receptives or tour operators, but may be overlooked as travel trade. One element that is common to many of these sellers is the presence of a *'group leader'* who does most of the organizing and decision-making around travel plans. There are tour operators who specialize in these markets. For example, a tour operator that sells education tours only, an inbound North American receptive that has a school and education department or focus, or a company that sells technical tours such as agricultural tours.

Forgetten Sellers	***Typical Role***	***For the Ontario tourism supplier***
Meeting and Convention Planners; Destination Management Companies (DMCs)	✔ Plan and sell pre/post meeting tours and programs to out of town delegates.	✔ Inform local DMCs of how your product/service can serve the meetings markets
ESL Language Schools and Camps - adults and children	✔ Acts as in-bound receptive. ✔ Develop custom itineraries to complement language lessons and suit age of participants. ✔ Provide links between formal and informal learning.	✔ Many non-urban suppliers benefit from ESL travellers who are seeking a true Canadian experience. ✔ Suits suppliers who don't have capacity or interest in group market as these can be small group IT (up to 15)
Educational and school tours	✔ Offer day and multi-night itineraries with links to existing curriculum.	✔ Inform these operators how your program/facility can support curriculum.
Affinity Groups: Museums Social clubs Sports groups University alumni groups	✔ Offer tours around special events of interest (Vikings, gardens, religion, playoff games etc.) ✔ Travel at all times of the year for various reasons and may provide business in your low season.	✔ Research current interests/needs of each through newsletters and contacts ✔ Link through local receptives.

6.4 Some Final Thoughts

It's a two way street!
Travel trade partners assess you and your operation for compatibility, professionalism and ethics. You also need to assess them as business partners as listed below:

- What is the scale and scope of their operation? Do they have time to understand what your product is and to represent you properly?
- How long have they have been in business?
- Who else do they work with – who are their partners?
- Are their financial terms compatible with you and your business?
- Do their ethics match yours?

When first starting with travel trade, remember to...

"...partner where possible with organizations, businesses that are already connected. Work through product-related clubs/associations where feasible."

Rob Heming
Wye Marsh Wildlife
Centre

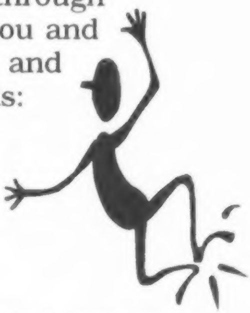
The life cycle of travel trade
As in most relationships, your relationship with travel trade will go through various stages as you both grow and evolve. In all stages of the relationship you must maintain a strong ethical approach, openness and fairness. In some situations, you may have more bargaining power because of the unique nature of the experience you offer. In other cases, travel trade may be a stronger position because of the markets they are able to deliver. In all cases, you are both subject to the economy and demographics of the markets you serve.

At some stage, you may consider exiting from your relationship with travel trade due to the following circumstances:

- A shift in markets served by you and/or your trade partners;
- Sustainable levels of demand from markets that buy directly from you, therefore eliminating the benefits that trade once provided;
- Change in ownership/management of an operation; or
- The costs are outweighing the benefits of travel trade.

As you discontinue the relationship remember to keep doors open for the future – you never know what is ahead!

Now What?



This manual has provided you with the basics of selling through travel trade. It is now up to you to evaluate if trade is for you and to implement an appropriate travel trade strategy for you and your business. As you do this, remember the following points:

- Put travel trade in context of your overall business goals and capabilities.
- Know your markets.
- Set priorities.
- Draw on the experience of others.
- Track and monitor efforts in order to evaluate if trade is working for you.
- Be realistic in your expectations.

Remember that travel trade is only **one** part of a well-rounded marketing and distribution strategy. *Good luck!*

One word of advice.....

"...join partnerships with CVBs etc, as individual brochures are often not kept if sent by mail.

Beth Kelly
Aquila Tours

Appendix A

A Glossary of Terms

Selling Through the Travel Trade
A Glossary of Terms

Note – These definitions are a compilation from various sources.

ABA ***www.bus.org***	American Bus Association
ABC	Advance Booking Charter
Accommodation Plant	This is synonymous with the terms "property", "lodging facility", "unit", "hotel/motel", "organized campsite", or other term representing an organized place to stay overnight.
Advertised Air Tour	A travel package that includes an air travel component and meets the general requirements of a "tour package". It is sold to the public directly by the air carrier, through a travel agent or sometimes by a wholesaler or tour operator.
Affinity Group	Travel by organizations for virtually any purpose other than travel. For example, university alumni associations, church groups, etc.
All-in	All taxes and gratuities are included in the price.
AP	American Plan food plan -- Rate includes three full meals and room.
BANY	Bus Association of New York State
Cannibalization	Filling capacity with lower yield customers.
Charter Flight	A service offered for transport of travellers or freight in which one or more sharing charterers obtain the exclusive use of a transportation component, i.e. an airplane, for one or more trips. Charter service is generally considered non-scheduled, even if run regularly on a pre-arranged basis.
Charter Travel	Travel for which a tour operator, group or individual hires a vehicle for private use.

Commission	In the case of any travel component, i.e. attraction, accommodation, transportation services, etc., a commission represents an amount payable to the seller of the travel goods. Travel agents usually receive an amount averaging no less than 10% of the advertised or retail price of the service or goods. Wholesalers or tour operators generally receive a net-net price for the service and goods or a commissionable amount that is usually 20% to 35% of the advertised or retail price of the travel service and goods.
Consolidator	Someone who puts all the ground components of a package together, for example: bus, activities, accommodation, programming.
Contra	Complimentary – service, room, meal, ticket.
CTC *www.canadatourism.com*	Canadian Tourism Commission - a public/private partnership, which promotes Canada's tourism product to the world.
CTRI *www.conferenceboard.ca*	Canadian Tourism Research Institute, located in Ottawa
Cut-off Date	The designated day when the buyer of services must release or add to the initial commitment of space. Usually this is the time when rooming or name lists, predetermined deposits and final payments are completed.
CVB	Convention and Visitor Bureau - a marketing organization that promotes a city or region to both visitors and the meetings and conventions market. For example Tourism Toronto, and Tourism Ottawa
Destination	The last point on the itinerary.
Destination Management Company (DMC)	Destination Management Company – specializes in organizing meetings, incentive travel and corporate group needs at the destination you are visiting.

Destination Resort	A segment of the hotel/motel market that caters primarily to destination tourists/travellers. Usually, the facility has multiple components as part of its service: golf, tennis, activities, etc. and is the primary reason for the trip.
Destination Tourist/Traveller	A segment of the market composed of individuals who choose and intend to stay at a particular location for a relatively long period of their vacation time.
Direct Flight	A direct flight is not a non-stop flight. Direct flight means that the traveller does not change planes even though the plane may make stops en route.
DMO	Destination Marketing Organization - an organization dedicated to developing and marketing tourism, typically defined by a geographic or political area such as a town, city or region.
Domestic Travel	People travelling within the borders of their own nation.
EP	European Plan - No meals included in room rate.
Escorted, All-inclusive Tours	A tour offering all or most services including transportation, lodging, meals, porterage, sightseeing, etc., for a pre-established price.
FAM tour	Familiarization tour - a subsidized tour for travel writers, travel agents and other influencers to introduce them to a new or refined tourism experience/facility.
FIT	Fully Independent Travel or Flexible Independent Travel - travel that is independent, not part of a group.
Fly/Drive	A package tour concept that includes a minimum of round-trip or one-way air transportation and rental car at the destination.

Food Plans	AP or FAP (Full American Plan): Rate includes three full meals and room. MA or MAP (Modified American Plan): Rate includes breakfast, dinner and room. EP (European Plan): No meals included in room rate. CP (Continental Plan): Continental breakfast included in room rate. BP (Bermuda Plan): Full breakfast daily included in room rate.
Free Sell	Indicates that a travel service component is available in unrestricted quantities to a service buyer (wholesaler/tour packager) until otherwise indicated and that the booking may be confirmed immediately by the buyer to their client.
GIT	Group Inclusive Tour - a group travelling together including transportation, accommodation and selected travel components at one price on a pre-selected itinerary. The group may or may not be escorted.
Grand-Travel	Leisure travel in which grandparents vacation with their grandchildren.
Ground Package	Accommodation, sightseeing, transfers, car rentals and other types of services that have been pre-arranged, pre-booked and usually pre-paid before departure. These services may be provided and purchased in concert with various types of transportation: air, coach, rail, cruise ship, etc.
Group Fare	Any reduced fare offered to a group of travellers who will travel together under stipulated conditions. Such groups differ from a charter group in that they do not contract on a complete transportation component basis and are usually accommodated on a regular scheduled transportation service.
GSA	General Sales Agent - a person acting on your behalf in a market that promotes and sells your travel services.
Hospitality Industry	An all-embracing description used to cover hotels, motels, restaurants and other related services designed to cater to the needs and wants of people while they are away from home.

Hub and Spoke	Hub and spoke is a travel pattern where the traveller stays in one place for a number of days and takes different day trips from the central point. This is in contrast to "touring" where the traveller changes location every day or so.
Incentive House	A package tour operator, wholesaler or travel agency that primarily organizes, packages and sells incentive travel.
Incentive Travel	Travel offered as a prize, particularly to stimulate the productivity of employees or sales agents.
Inclusive Price	Price includes all taxes and gratuities.
In-house	The performance of some activity or operation, i.e. tour packaging, within the specific travel service component such as an accommodation or attraction facility.
Inclusive Tour Charter	A charter package offering specified ground facilities as well as transportation. Each package must include transportation and accommodation with other options to be added at the discretion of the wholesaler/tour operator. This packaging is usually organized by the traveller or through a travel agent's contract with a wholesaler/tour operator.
Intermodal	Adjective describing a trip, travel package, or promotion that features more than one transportation mode.
Itinerary	All points on the traveller's trip in the sequence shown on their ticket, vouchers or travel documents, beginning with the place of origin, followed by the routing to the destination as well as the return route if purchased.
Leisure Travel	Vacation travel, sightseeing, visiting friends or relatives at one's own expense and during one's free time. Also called pleasure travel, as distinguished from business travel.
Low Season	That time of year when a travel company's tourist traffic, and often their rates, are lowest.
MAP	Modified American Plan – Rate includes breakfast, dinner and room.

MC&IT	Meetings, Conventions and Incentive Travel – a segment of the business travel market.
MCO	Miscellaneous Charge Order - this is similar to, but not necessarily the same as, a voucher. Airlines and travel agencies extensively use this instrument as an actual form of payment for services. It is sometimes called an exchange order and is often used in place of a tour order form by travel agents.
Mode	Type of transportation. Air, rail, car and ship are all examples of travel modes.
Motor Coach Tour	Partial (usually on scheduled service) or wholly chartered bus for the purpose of transporting travellers. Motor coach tours are often organized by the motor coach company which is then identified as a tour broker.
NTA ***www.ntaonline.com***	National Tour Association – an industry association serving the US group tour market.
Net Rate	Generally the commission industry norm (minimum of 10%) paid on the retail price of a travel service component or package.
Net-Net Rate	Generally described as the more than 10% average commission paid on the retail price not taking into consideration over-rides for volume. Usually given to those who resell the travel service component to travel agents or directly to the consumer such as wholesalers, tour operators, travel packagers, etc. The average net-net rate is approximately 20% of the retail selling price of the travel component.
Net-Net-Net Rate	Also called Triple Net - describes the lowest possible price, below the retail selling price of the travel component, that a facility can sell the product and still retain a marginal profit.
Off-Peak/Off Season	Those periods or seasons when a supplier's traffic volume or occupancy is not at its heaviest. Also refers to lowest rates or fares that apply during those less busy periods.

Origin	The first departure point in a traveller's itinerary.
OMCA *www.omca.com*	Ontario Motorcoach Association – industry association for motorcoach operators in Ontario.
OTMP *www.ontariotravel.net*	Ontario Tourism Marketing Partnership - a public/private partnership that markets Ontario's tourism product.
www.tourismpartners.com	Tourism partner web site has current marketing opportunities and research.
Outbound Operator	An operator that sells the travel experience to outbound travellers. For example, buying a trip to another country that you buy before you leave.
Outbound Travel	Travellers leaving their own countries to visit other nations.
Over-Ride Commission	Special bonus commission for reaching pre-determined levels of sales over and above the normal average net commissions paid, i.e. 10% of retail selling price. If the goal of 100 seats is met, the travel service supplier may pay an extra 2.5% to 5% to "over-ride".
Package	A tour that combines prepaid transportation, accommodations or other tour elements, such as meals, sightseeing admissions or car rental.
PATA	Pacific Asia Travel Association
Pax	a contraction used to denote "passenger".
PBA	Pennsylvania Bus Association
Peak	Those periods or seasons when a supplier's traffic or business volume is heaviest. The term also applies to those fares or rates that apply during those busiest periods.
Person-night	One person travelling away from home overnight. Measures the incidence of travel by multiplying the number of people travelling times the number of nights spent away from home.

Person-trip	In Canada, this is defined as one person travelling 80 km or more, one way, away from home. Ontario uses a 40km definition.
Pleasure Travel	Vacation travel, sightseeing, visiting friends or relatives at one's own expense and during one's free time. Also called leisure travel, as distinguished from business travel.
PPD	Per-Person Double Occupancy - the stated price is per person based on two sharing a room.
PPQ	Per-Person Quad occupancy – the stated price is per person, four to a room.
Pre and Post Convention Tours	Marketed in conjunction with a convention. Packages are designed for delegates as a front end to their conference or as a post conference holiday extension to the business activities of the convention.
Pre-Registration	A guest is pre-assigned a room by the property to be available upon his arrival. In the case of tour packaging of groups, pre-registration is almost always conducted.
Rack Rate	The standard or retail selling price of a travel service component that is established, advertised and displayed. This term is usually associated with the accommodation sector.
Rail, Bus and Auto Tour	Basically similar to Fly/Drive
Rate Structure	The pricing of the travel service component.
Receptive Operator	An operator that sells the travel experience in the market where it takes place. For example, a tour that you buy once you are at your destination.
Reservation	Similar to the term "booking" and refers to the advance allocation of travel component space for a traveller.

Rollover Deposit	Initially a deposit against projected travel service usage. Where there has been fair usage of the projected inventory, the deposit may be used against the over all cost of the year's services or retained ("rolled over") for the deposit on services contracted for the following season.
Roofed accommodation	Hotel or motel.
Room Reservations	▪ A room is set aside by the facility at the request of the customer in advance of arrival; ▪ *Guaranteed Payment Reservation* is a reserved room that will be paid for even if the guest does not arrive; ▪ a *confirmed reservation* is usually an oral or written statement by the facility that it has received and will honour a reservation. However, the facility will not necessarily guarantee the space requested if the traveller arrives after 6:00 pm and is not covered under a guaranteed payment reservation.
Rooming List	A list of guests' names that is submitted by the buyer of the travel services in advance of the guests' arrival to occupy previously reserved services.
Round Trip	Any trip to the ultimate destination and return to the point of origin.
Routing	Chronological detail of the travel of a passenger from originating point of travel to the destination including those points of stopover or connection and the specific means of transport at each stage.
RTO	Receptive Tour Operator
Scheduled Flight	A flight on a regular basis according to a published timetable and available to the travelling public usually on short notice.
Scheduled Service	Transportation service that runs on a regular, publicized basis and is open to consumers.

Scheduled Travel Transportation	Travel transportation supplied on a regular basis at certain fixed times and for which advance booking is not mandatory.
Shoulder	Periods or seasons that are neither a supplier's busiest or slowest. Term also refers to transitional rates that apply during those periods.
SIT	Special Interest Tour
Staging Area	A hub or centre point where the final or closest routings to the point of departure are centred.
SOG	Step on guide, usually employed locally and joins the tour for only a portion of a day/trip.
Supplier	The producer of a unit of travel, such as a carrier, hotel or sightseeing operation.
Tariff	Rate quoting sheet. The individual rates for hotel and ground features are separately stated. The commission rates to the booking travel agent and to the tour operator are on a "tariff" for reference. It is a basic display of how the travel service prices are quoted. The tariff is used to quote rates to booking travel agencies who then quote the retail or total selling price.
TIAC ***www.tiac.org***	Tourism Industry Association of Canada – a tourism policy and advocacy group, headquartered in Ottawa.
TICO ***www.tico.com***	Travel Industry Council of Ontario - an organization that administers the Travel Industry Act which governs travel agents and wholesalers registered in Ontario. It also governs the Ontario Travel Industry Compensation Fund.
Tour	Services on a traveller's itinerary usually including, but not restricted to, accommodation, transportation, transfers and sightseeing in a geographical region, city, country or multiple countries. Services are entirely reserved or contracted for in advance by a tour packager, wholesaler, tour operator or travel agent and offered to the travelling public.

Tour Broker	Usually identifies a person who creates, markets and operates motor coach tours, either within or external to their state or province. In many cases, the tour broker is the motor coach company itself.
Tour Component	A single travel service. Grouped together, tour components form a "package".
Tour Operator	The person who negotiates rates from travel service suppliers, takes the components contracted, i.e. lodging, transportation, meals, sightseeing, transfers, etc., creates and organizes packages and offers them as a complete "package tour" to wholesalers, travel agents and consumers at either a retail, net or net-net price, and "operates" the complete package enterprise. A travel agent, a tour wholesaler and a receptive operator may all be one and the same.
Tour Order	A basic form of documentation normally used for the confirmation and payment of a tour. Tour orders are usually provided by the wholesaler, tour operator, tour packager or transportation carrier.
Tourism	The business of providing and marketing services and facilities for pleasure travellers.
Trade Association	A formally constituted forum of enterprises and individuals involved in the same trade or industry. An association usually services several purposes and provides its members with a variety of services, i.e. advice, counselling, public relations, library/research facilities, an umbrella marketing forum, etc.
Trade Show	Periodic exhibition of goods and services by competitive concerns to a concentration of either random or pre-selected visitors who have an interest as potential buyers in what is being shown.

Transfers	Transfers can consist of a pre-paid coupon or voucher which informs the travel supplier that the carrier is authorized to exchange the transfer for service. Transfer can also mean the methods of transportation between two or more distinct and larger travel components, i.e. travel (taxi, car, bus) between the airport and the hotel, etc.
Transient	A segment of the accommodation market composed of individuals who are not using the local area as their single destination point. Their lengths of stay are normally one or, at most, two nights. These individuals are commonly referred to as "passing trade".
Travel Agent	A person who, in the course of business, sells or otherwise provides travel services to the public provided by another person or company.
Travel Service	Transportation, accommodation or other service for the use or benefit of a traveller, tourist or sightseer.
Travel Trade	People and companies that resell travel product to the visitor that they have bought and reserved from other parties.
Travel Wholesaler	A person who, in the course of business, supplies his own on-scheduled or third party scheduled, travel services for the purpose of re-sale, or deals with travel agents or other travel wholesalers, tour operators, receptive operators and ground handlers, for the sale of travel services supplied by another.
USTOA	US Tour Operators Association
VCB	Visitor and Convention Bureau
VFR	Visiting friends and relatives

VFR Travel	Leisure travel undertaken to visit friends and relatives
Voucher	Confirmation slip, advice notice or pre-payment instrument that is exchanged for the travel service that has been arranged for in advance by the travel service buyer for the traveller.
Yield Management	A pricing procedure air carriers and other transportation suppliers (and more and more hotels) follow. Strictly manages seat blocks of various fare types to optimize utilization of inventory.

Appendix B

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Appendix B -- Tourism Field Staff, OTMP Market Development and Travel Trade Contact Information

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Appendix C

Ontario Receptive Alliance

Ontario Receptive Alliance

The Ontario Receptive Alliance (ORA) is a newly formed industry group that has been brought together with the assistance of the Ontario Tourism Marketing Partnership. The mandate of this association is to develop and sell commissionable FIT packages that feature high quality regional and/or themed Ontario tourism experiences.

All of these receptive tour operators are licensed by the Travel Industry Council of Ontario (TICO), an organization mandated by the Ontario Government to administer the Ontario Travel Industry Act and an industry-financed Compensation Fund. When a consumer books travel with a registered operator, the cost of the travel service is protected by these regulations.

For a listing of additional receptives operating in Ontario, refer to the *Travel Trade Manual*, available from 1-800 ONTARIO.

Area/Region	**Travel Agent/Tour Operator**	**FIT Packages Offered**
Southwestern Ontario - Windsor/Pelee/Sarnia/ London	Great Adventure Tours Contact: Mo Regnier Phone: 1-800-638-3945 or 519-727-3661 E-mail: info@greatadventuretours.com Website: www.greatadventuretours.com	Underground Railway Tours Great Lakes Cruises-Ground Operations and Tours Birdwatching Winery Tours
Southwestern Ontario - Huron/Perth Counties	letsgo.ca travel Contact: Judy Crawford Phone: 1-800-663-9709 or 519-524-7335 E-mail: jcrawford@letsgo.ca Website: www.letsgo.ca	Farm Stays B&Bs, Spas Theatre
Stratford - Theatre	Theatre Vacations Contact: Dave Hyde Phone: 1-877-356-6385 or 905-356-0884 E-mail: nf.tours@sympatico.ca Website: www.niagarafallstours.com/ stratfordfestival.html	Official Stratford Festival Package Partner
Niagara Region - Wine & Cuisine	Premier Tour & Reception Contact: Ruth McMullan Phone: 1-888-887-5558 or 905-641-3097 E-mail: info@premiertour.com Website: www.premiertour.com	General Sightseeing Wine/cuisine tours Golf Spa
Niagara Region - Bike Tours	Steve Bauer Bike Tours Inc. Contact: Steve Bauer/Annick Gies Phone: 905-562-0788 E-mail: bike@stevebauer.com Website: www.stevebauer.com	Bike Tours - Niagara Region Wine/cuisine Country Inns

FIT Packages – Toronto, Niagara, Ottawa	Greyhound Vacations Contact: Suzanne Shawver Phone: 1-800-353-3484 or 416-594-3310 E-mail: toronto.info@grayline.ca Website: www.grayline.ca/toronto	General sightseeing packages (accommodation, meals, transfers) for Toronto, Niagara Falls and Ottawa
Eastern Ontario – Kingston, Thousand Islands, Rideau, Ottawa	Canadian Discoveries Contact: Anna Kovachis Phone: 613-549-3562 or 613-549-3553 E-mail: discoveries@odyssey-travel.com Website: www.odysseylearningadventures.ca	Kingston, Ottawa Rideau, Thousand Islands Houseboat Holidays Wildlife Viewing; Garden Tours; Bicycling Programs
Southern Georgian Bay - Midland/Penetanguishene/ Orillia	Boots Adventure Tours Contact: Pat Belfry / Barbara Coxworth Phone: 1-888-68-BOOTS or 705-549-1339 E-mail: bootsadventure@bootsadventure.com Website: www.bootsadventure.com	Soft Adventure - Sea kayaking, Camping, Fishing, Sailing Golf, Murder Mysteries Gardening/Cooking Classes Aboriginal Culture
Muskoka - Algonquin	Muskoka Travel Service Contact: Greg Hammond Phone: 1-800-563-1885 or 705-645-2583 E-mail: hammonds@muskoka.com Website: www.muskokatravelservice.com	Resorts Golf Soft Adventure, Eco-tours Winter
North Bay - Temagami, Timmins	Ontario's North Tours Contact: Darren Graydon Phone: 1-866-474-0098 or 705-474-0098 E-mail: darren@ontariosnorthtours.com Website: www.ontariosnorthtours.com	Historical Railways of Ontario Canadian Ecology Centre Fishing, Horseback Riding Winter Activities Boat tours on Ottawa River
Lake Superior - Thunder Bay	Lake Superior Visits Contact: Lois Nuttall Phone: 807-344-9208 E-mail: lois@superiorvisits.com Website: www.superiorvisits.com	Arts in the Wild Hiking Holidays, Fishing Winter's Silent Sports Cottage Rentals Educational Programs
Arts in the Wild	Hanover Holiday Tours Limited Contact: Jim Diebel Phone: 1-800-265-5530 or 519-364-4911 E-mail: hanhol@log.on.ca Website: www.hanoverholidays.on.ca	Arts in the Wild Learning Vacations Motorcoach Tours-Ottawa, Agawa Canyon, Timber Train
Walking Tours	Something's Afoot Walking Adventures Contact: Barbara Euler Phone: 416-695-1838 E-mail: somethingsafoot@home.com Website: www.somethingsafoot.com	Walking Tour Packages for Niagara Peninsula, Quinte & Rideau

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